HERMÓGENES PÉREZ DE ARCE

History *of the* Chilean Military Revolution

1973-1990

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Foreword

Forty-six years ago today, Chile was liberated from the oppressive scourge of communism that had beleaguered it for three years. Chile was Latin America's "basket case" country in 1973, rife with political corruption, partiality toward a privileged class, relatively low life expectancy, little access to higher education, high rates of infant mortality, and extensive poverty, with many homes lacking potable water, adequate sewage disposal, and kitchen appliances. Yet this little country did what Hungary, Czechoslovakia, Cuba, Vietnam, Laos, Korea, Cambodia, and China could not do. Even with American military and economic intervention, with thousands of lives and billions of dollars spent, their attempts to overthrow domestic communism failed. Nevertheless, it is odd, if not bizarre, that so many North American and European libertarians and conservatives have been unwilling to give Augusto Pinochet his due: credit for toppling in Chile what is arguably the most ardent antiliberty ideology the world has ever known.

Seventeen years later, Chile was the undisputed economic leader in the region, with sharply declining poverty, ever-improving health care and life expectancy, the world's most earthquake-resistant structures, and economic opportunities unheard of in over seventy years—since the end of Chile's free market century around 1920. Shortly thereafter, I began considering Chile as a place to settle, in my quest for a country that was freer and saner than the United States. I was still in graduate school at George Mason University at that time, completing my PhD in public policy (field: law and Austrian economics), picking up an MA in economics along the way, and doing my main internship with what is now called the Mercatus Center in Fairfax, Virginia. While I returned briefly to defend my dissertation in June 1996, in March of that year I had already boarded a plane with my pregnant wife and five other children, determined to make Chile our new home. I have never regretted that decision.

This new start led to me eventually writing *Life in Chile: A Former American's Guide for Newcomers*, and many Americans, Canadians,

and Europeans, including many close friends of mine, mostly libertarians, followed me to Chile in search of a better and freer life, thanks to what the Chicago Boys had done here and thanks in particular to General Augusto Pinochet and Admiral José Merino, among others—like libertarians José “Pepe” Piñera, Roberto Kelly, Jorge Cauas, Álvaro Bardón, Pablo Baraona, Rolf Lüders, and lesser libertarians like Sergio de Castro, Hernán Büchi, and Roberto Guerrero. Plus, honorable mention must be given to the key watershed flanking action by Rear Admiral Lorenzo Gotuzzo, who “rebelled” against José Merino during an opportune moment at a boardroom spat that proved to be crucial for Chile’s illustrious future. Through the economic policies of his ministers, Pinochet garnered even more domestic support, along with admiration from many foreign onlookers and investors. Little did I realize at age thirty-three that I had arrived on the heels of a domestic hell. Just seven to twelve years earlier, communist marauders (trained in Cuba and East Germany) had been roaming the streets of larger Chilean cities, killing innocent people by detonating well over a thousand bombs in public places, sniping police officers, throwing acid on poor women riding the bus to work, and destroying railway and electrical lines, among other covert actions—all vainly designed to make Chilean life so savage and fearful that the public outcry would obligate Pinochet to step down. I missed all that chaos, arriving after the heyday of growth and a new prosperity.

I had the privilege of first meeting Hermógenes Pérez de Arce Ibieta in 1998 after he had undertaken the translation of my textbook on free market economics (he also translated the second edition in 2008), which I used in Chilean classrooms for over a decade. He was one of the few consistent libertarians I had met here, very pro-life and highly educated and intelligent. I admire his courage and principles, and he has taught me a lot about Chilean culture and history. He is an adult eyewitness of all that Chile had to endure over the last sixty years. A former Chilean congressman himself, he knows the facts and experienced firsthand contact with Pinochet, his key ministers, and the Chicago Boys. He devoured or consulted over one hundred related books and articles before writing what I translated: *History of the Chilean Military Revolution, 1973–1990*.

Moreover, in all his years of writing hundreds of blog entries, many newspaper editorials, and other books leading up to writing this book, the leftists have never refuted the facts he has presented.

I watched all this effort develop since the late 1990s. Along the way, I became acquainted with several of Hermógenes's other books too (being a prolific and best-selling author), and my son David helped him set up his oft-visited blog in 2008, which still has thousands of readers weekly, including me on occasion. On top of that, we met for lunch at his favorite restaurants in Santiago, Carousel and Club Unión, many times yearly, where we had an opportunity to reminisce about Chile and libertarian ideas, sometimes with other libertarians, like Chicago Boys Álvaro Bardón and José Álvaro Vial Gaete. Yet I never learned more from my good friend Hermógenes than I did by translating and carefully reading this present book. Although I had been a resident or a citizen going on twenty-four years, I never fully grasped all the intricacies of what life was like here in the 1970s and 1980s, or the political realities and pulse of the nation, until I had the honor of translating this book.

This book's time has come. Many North Americans and Europeans, not to mention many South Americans, are still steeped in myth, false propaganda, and ignorance regarding Pinochet's Chile. This book will unveil the truth of the matter, the results of which I have lived and experienced for over two decades. I still remain amazed that American libertarians have been so bamboozled by the Left, which ridiculously characterized Pinochet as being a brutal right-wing dictator. I am not saying that Pinochet was perfect; neither was slaveholder Thomas Jefferson. Yet if libertarians are willing to cut Jefferson some slack despite his occasional antiliberty actions, e.g., illegitimate offspring spawned by his female slaves, they should certainly be willing to do the same for Pinochet and any foibles he might have had.

I do not have a dog in this fight, but I can read history and understand the facts about what happened. Too, I can testify to the benefits of ousting communists from power and implementing a market economy. The simple fact is that the communists lied about what happened in Chile, and modern leftists continue to parrot their erroneous propaganda. The falsehoods include intentional

exaggerations about many thousands of people being “disappeared” by the authorities, hundreds of bodies floating in the Mapocho River running through Santiago, thousands tortured, untold dozens of people hurled live into the sea from helicopters, the nongovernment (leftist) media suppressed, and countless Chileans forced into exile, banished forever from the country.

On the contrary, Pinochet liberated Chile from the tyranny of the hard Left, defending it against the vicious and impoverishing actions of communists, leaving instead a relatively low-taxed, prosperous, largely modern OECD-member country, with widespread privatizations and better institutions, like independent central banking and private social security. Let us face it candidly: North American and European libertarians can scant dream of ever attaining in their countries what Chile did under Pinochet. Indeed, there is good reason that Chile has ranked so high in the indices of economic freedom published by both the Heritage Foundation (where I also interned for several months) in Washington, DC, and the Fraser Institute (Vancouver), plus its low corruption ranking conferred by Transparency International (Berlin), over the last few decades. It is, relatively speaking, one of the freest places in the world today.

Few people know that a large majority of the Chilean House of Representatives called on the armed forces to remove Salvador Allende on August 22, 1973, two weeks prior to the actual coup d’état; that Russia and Cuba helped smuggle in copious and sophisticated armaments and bombs to Chilean communist forces, at one point also helping deploy thousands of foreign troops to achieve President Salvador Allende’s totalitarian goals; or that torture was a common practice under Pinochet’s predecessors: the leftist governments of Allende and Eduardo Frei Montalva. Few know that Allende only received 36.6 percent of the vote in 1970, slightly ahead of conservative Jorge Alessandri’s 35.3 percent, and was thus placed into the presidency by the Chilean Congress, constitutionally required to decide the outcome in a three-way race, with no candidate garnering 50.1 percent of the vote. Even fewer folks know that the figures of people who “disappeared” during Pinochet’s administration have been grossly exaggerated. Indeed, sections 9, 12, 25, 26, 27, 28, and 29 of Santiago’s general cemetery in Renca

and the Medical-Legal Institute just north of downtown likely contain the remains of most, if not all, of the 1,096 who justly fit into the missing-persons category. Thus, their whereabouts are probably known and just waiting to be confirmed by DNA testing. Yet Chilean leftist politicians have avoided undertaking such identification lest they lose their strategic edge in complaining about the military government's supposedly largely brutal policies. Moreover, non-Chileans are still shocked to know that well over 40 percent of current-day Chileans favor Pinochet and would vote for him again. Yet these are the cold, clear realities, and freedom-loving people would do well to apprise themselves for the reasons underlying this "market" demand for Pinochet and libertarian economics.

The book was not easy to translate both because Hermógenes often uses sophisticated Spanish vocabulary or terminology, coupled with a personal style of employing run-on sentences, which is taboo in English. Consequently, I had to take some liberties in reforming sentences and paragraphs, blocking out long quotations, as well as standardizing endnotes and bibliography to fit what people reading scholarly books in English have come to expect. When necessary, I had to insert extra words to make the interpretation of Hermógenes's language clearer, as well as to add information that provides more specifics regarding the geographic locations he cites in Chile, fill in some key details not found in the original text here and there, and define some legal jargon that would have otherwise befuddled most foreign readers. In such cases, I placed the supplements in square brackets. I trust they will not be too cumbersome for the reader to bear.

In the final analysis, no thinking person who enjoys history, economics, or public policy should fail to read this volume. Surely, no such person wants to be blindsided by freedom-hating, leftist propaganda, or modern rightist drivel for that matter. The fact remains that Pinochet, Merino, the *junta*, the Chicago Boys, and the largely libertarian-bent military revolution in Chile succeeded at accomplishing what so many hapless countries tried and failed to do. Here one will find a fresh look at why postcommunism Chile was able to turn itself around and grow dramatically, and explain why a

so-called dictator kept his word and stepped down from power voluntarily at the behest of Chilean voters in 1989.

The facts show that Pinochet was a generally honorable man who neither took advantage of enriching himself at taxpayer expense (as his leftist presidential successors would do), nor did he have direct knowledge of so many misdeeds and abuses performed by his subordinates, e.g., the infamous director of the national intelligence service (the DINA), General Manuel Contreras. The lion's share of abuses occurred during the chaotic period six to nine months after the ousting of Allende, and even before the DINA was formed mid-1974, while Pinochet and the junta were still trying to grapple with how to run the country and rein in subordinates' autonomous actions. While no human rights abuse is excusable, as is the case with either Pinochet or Jefferson, the historical bellicose context—especially given circumstances beyond one's control—can at least make it comprehensible.

Hence, the book should compel every reader to rethink what he has previously learned, heard, or assumed about post-1960s Chilean history. Although hard leftists will continue to spew vitriol over the alleged deeds and clear accomplishments of Pinochet, no libertarian should ever fall into that trap, and surely no conservatives either. This book will go a long way toward removing some blinders that often encumber many thinking people around the world today from knowing the truth about Chile's history.

John Cobin, PhD
Viña del Mar, Chile
September 11, 2019

Preface

As an eyewitness and habitual commentator regarding the events in Chile that culminated on September 11, 1973, and of the events in the subsequent government that held until March 11, 1990, I have been astonished over the last twenty-seven years by versions that have predominated in the country and the rest of the world that are distant of what actually happened during those sixteen and one-half years. Indeed, it seems that slogans have prevailed widely over historical facts.

The only renowned contemporary historian who has noticed that perversion of the truth has been Britain's Paul Johnson, who has written to this effect, that he

> applauded the pronouncement of General Pinochet, obeying orders from Congress, and even more in his success in reviving the economy and by transforming it into the strongest in Latin America, but by preventing the transformation of Chile into a communist satellite, the general won the furious hatred of the Soviet Union, whose propaganda machine succeeded in demonizing him among the world's talkative elites. the last triumph of the KGB before its disappearance in the dustbin of history. But for me, Pinochet is still a hero, because I know the facts.[1]

This book represents my effort to make the truth prevail over false slogans. I do not believe that I will be successful, however, because it has always been easier to repeat the latter than to find out the former. The last quarter of a century in Chile has corroborated this fact. But as I write these lines, legislation close to be approved will charge anyone who discloses a version of the history of human rights violations contrary to the "official" one with a jailable offense (i.e., imprisonment up to 541 days). That is why I hasten to publish this book before it becomes a crime to do so.

One reality that I wish to establish from the outset is that the process that started on September 11, 1973, which in Chile is described as a "pronouncement" by its supporters and as a "coup"

by its adversaries, and which an increasing number on both sides describe as “dictatorship,” in reality was a *revolution*, in bold letters in every sense of the word.

I think, although it may seem exaggerated, that it had not only national but also worldwide transcendence. Perhaps it sounds hyperbolic if one considers that Chile is far from being a great power, but it will be shown that the socioeconomic model established by the Chilean military revolution was imitated in or greatly influenced the rest of the world and that the *leitmotif* on which Soviet propaganda was based to denigrate it universally and successfully, “violations of human rights,” was a real time bomb that exploded in the hands of those who wielded it against the junta and ended up opening a small hole in the iron curtain and the Berlin Wall that finally devastated both, along with contemporary world Marxist socialism.

The Chilean military revolution objectively reached, then, a historical transcendence as important as the French Revolution in its time, or the Russian Revolution in theirs. For that reason, the truth surrounding it should interest not only Chileans but also all scholars of contemporary life.

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[1] Johnson, *Héroes,* 279.

Chapter 1

1973: A Revolution Impossible to Avoid

The Weight of Circumstances

It has been said and abundantly expressed that the military intervention of September 11, 1973, was not only illegal and unconstitutional, but unjustified. Yet an objective examination of the facts highlights, on the contrary, that it was not only justified but also inevitable. Indeed, there was no rational or legal argument that could have prevented it.

First, the democratic majority of the representatives of the people, in a resolution of the House of Representatives (*Cámara de Diputados*) on August 22, 1973, asked the armed forces to put an end to the existing situation, which they did on September 11 of that year.

Second, there was a historical reason to believe that if the military did not act, then an armed blow from the Left would ensue that would neutralize the uniformed high command and give the Popular Unity (*Unidad Popular*) complete power.

Third, the frequently cited “legalistic doctrine of Schneider” (1970) supposedly obliged the Army to respect the legal system, but it expressly contemplated an exception: under situations where illegality was created by another public power, the Army should intervene.

This doctrine was frequently cited, going by the name of the commander in chief, who was killed in 1970 as a result of an assault staged to prevent Allende’s rise to power. The idea prevailing was to exclude the possibility that the Army, the main armed branch, would intervene into daily politics.

That doctrine had been instituted by the Council of Generals, presided over by Schneider and implemented on July 23, 1970, under the government of Eduardo Frei Montalva. Two future

commanders in chief, Generals Carlos Prats and Augusto Pinochet, had attended the meeting.

In that meeting, Schneider commented that some esteemed the armed forces to be “an alternative to power.” However, as he pointed out immediately, “using weapons to generate an option implies a betrayal of the country.” That remark was written down and agreed upon; it is known as “Schneider’s legalistic doctrine.”

But the final paragraph of the agreement is almost never quoted, and yet it is part of the legalistic doctrine itself—a paragraph that journalist Manuel Fuentes Wendling rescued and published in a book:

> The only exception to this legal doctrine occurs when the powers of the state abandon their own legal position. In such cases, the Armed Forces, which are obliged to the nation—being a permanent institution far more than the state (which is temporary)—are free to resolve any absolutely abnormal situation, so long as they leave the juridical framework intact, such that country’s guidance system is sustained.[1]

Whose Fault Was It?

The main democratic political figure of Chile in 1973, Eduardo Frei Montalva, at that time president of the Senate, wrote a letter to former Italian prime minister Mariano Rumor, the highest authority among the International Christian Democrats, shortly after September 11 of that year:

> This country has experienced 160 years of practically uninterrupted democracy. One is left asking, then, what is the cause and who are responsible for its break.
>
> In our opinion, the full responsibility of this situation—and we say it without any euphemism—corresponds to the Popular Unity regime established in the country.

He did not even attribute to the PU the lion’s share of the blame, but rather the “full responsibility.” And later he added that “men known on the continent for their guerrilla activities were immediately given positions in the Chilean administration. Yet they devoted their

time, many of them, to paramilitary training and installing guerrilla schools—even occupying part of Chilean territory—in which even representatives of the Carabineros [police] Corps or the Armed Forces could not penetrate."

Insofar as their weapons were concerned, he said, "The weapons so far collected (and it is estimated that they are not yet forty percent) would allow them to outfit more than fifteen regiments… A true parallel army had been established."[2]

The Call of the Civil Majority

The House Accord had described almost exactly the conditions that, within the aforementioned Schneider legal doctrine, left the armed forces "at liberty to resolve an absolutely abnormal situation."

In effect, that agreement had said that the UP government "was determined to attain total power" and that "to achieve that end, the government had not embarked on isolated violations of the Constitution and the law, but rather transformed such infringements into a permanent system of conduct." The rights and guarantees violated may be enumerated: equality before the law, freedom of expression, right of assembly, freedom of education, property rights, personal freedom, labor rights, and freedom to leave the country.

The agreement pointed out that the formation of "sectarian bodies" and that of "armed groups…destined to confront the Armed Forces" is particularly severe.

That is why it concluded by making an explicit call to the highest officials of the armed forces "to put an immediate end to the referenced situations of fact."

What else could be missing, if there was evidence that the conditions were met for the armed forces to be "at liberty to resolve an absolutely abnormal situation"? The state of national economic ruin only confirmed the urgency of that resolve.

The president of the main party, the Christian Democratic Party, Patricio Aylwin, recognized this several days after September 11:

> The truth is that the actions of the Armed Forces and the *Carabineros* Corps was only a preventive measure that anticipated a self-coup by the state, which would have been

> accomplished with the help of illegal armed forces with an endowment of enormous military power. The government, along with the collaboration of not less than ten thousand foreigners in this country, pretended to implement what would have consummated a communist dictatorship."[3]

As the Czech president Vaclav Havel said years later, "evil must be confronted in its cradle and, if there is no other way to do it, then it has to be done with the use of force."[4]

An Unheard Warning

Just two months before September 11, on July 11, 1973, Senator Patricio Aylwin, president of the Christian Democrats, then the largest Chilean political party, had delivered a speech in the Senate that anticipated what was going to happen, having the force of will to demonstrate by proof that the situation was unsustainable. He said thus:

> The events of recent days have highlighted, with brutal harshness, to what anguished ends the widespread crisis of Chile has metastasized. It seems that the country has lost its historical identity, the defining features of its personality as a nation… Our old economic inferiority…today intensifies with more cruelty than ever… Our traditional respect for the law, the authorities and the institutions of the State, bases of our republican institutionalism, seem like mere legends. Nowadays, laws are despised as hindrances, often mocked by those in charge of executing them, being replaced by the *fait accompli*; the official authorities are openly disobeyed, if not simply overwhelmed, by individuals or groups that assume their functions, and the powers of the state are publicly denigrated while its rebellious subordinates go unpunished… Our already classic democratic coexistence… has been replaced by totalitarian sectarianism, characterized by inflicting personal injury on those with whom it disagrees, habitual lying, contempt for majority opinion democratically expressed coupled with the desire to impose one's own

criteria, even when it is a minority view, at all cost and by any means. In the name of the class struggle, Chileans have been poisoned by hatred and have been unleashed to foment all kinds of violence… Work or study colleagues, and even family members, daily face each other in an increasingly cruel fratricidal struggle… The meaning of our nationality suffers the perpetually open sore derived from the abrupt division among Chileans, mistrust and mutual distrust, if not outright hatred, prevail over all solidarity and, consequently, a growing moral degradation breaks the hierarchies of values… No one can deny the truth of these facts. They constitute a reality that has led Catholic bishops to say that "Chile looks like a country hit by war"; a reality that is destroying the country and endangering its security; a reality that has broken our democratic institutionalism; a reality that seems to threaten us with the terrible dilemma of letting ourselves be overwhelmed by the totalitarian imposition or letting ourselves be dragged into a bloody confrontation between Chileans.

Hence, the Armed Forces remain alien to the political struggle and, in our republican tradition, have acquired the role of being guarantors of our democratic coexistence, ensuring respect for the Constitution and our laws… Chileans cannot accept any case, and under whatever pretext, the establishment in fact of a supposed popular power, formed by industrial ties, communal councils or any other type of organizations or special interest groups… Nor can we accept that, with the participation or complicity of authorities or state officials—or even without them—that arms are being distributed to those who claim such power as a matter of fact… I do not think it necessary…to refer to the role played by such armed organizations, pretending mass mobilization, and aiming at the establishment of communist dictatorships similar to certain Eastern European countries. The famous "Prague Coup [Spring]" in Czechoslovakia (May 1968) is telling.[5]

Everyone Realized What Was Coming

Briton Brian Crozier, founder of the London Institute for the Study of Conflict, wrote the following:

> During his three years in power, Allende transformed his country, in fact, into a satellite of Cuba, and therefore into an incipient addition to the Soviet Empire… By then, Chile could be frankly described as a Marxist state in ideological and economic terms… From a strategic perspective it had become an important base for Soviet and Cuban subversive operations, including terrorism affecting all of Latin America… the Soviet KGB was recruiting members for training courses in terrorism…specialists from North Korea were teaching younger members of the Socialist Party of Allende.[6]

The USSR actively participated. “The first contacts with Salvador Allende before his election as President of Chile in 1970, and with Juan and Isabel Perón before their return to Argentina in 1973, were also made by the KGB instead of Soviet diplomacy.” Brezhnev himself acknowledged, “In short, we managed to convince the KGB leadership that Latin America represented a springboard where there was a strong anti-American feeling.”[7] Allende was handled by the KGB beginning in 1969 through Agent Leonid, who was Stanislav Fyodorovich Kuznetsov.

In 1970, “Allende made a personal appeal, probably via Kuznetsov, to obtain Soviet funds. Like other ‘fraternal parties’ around the world, Chilean communists received annual subsidies from Moscow, secretly transferred to them by the KGB. Throughout the 1960s they were paid more than any Communist Party of Latin America…[The KGB] also approved a personal subsidy of US$50,000 to be delivered directly to Allende. The Communist Party of Chile provided Allende with another US$100,000 from its own funds. The KGB also gave US$18,000 to a leftist senator to persuade him not to run as a presidential candidate and remain in the Popular Unity coalition. Given the narrowness of the results,

even the few votes he might have attracted could have tipped the balance against Allende. That was, at least, the view of the KGB."[8]

"In October 1971, under instructions from the Politburo, Allende received US$30,000 'in order to solidify the trustworthy relations' with him. Allende also mentioned to Kuznetsov his desire to buy 'one or two icons' for his private art collection. He was given two icons, valued by the Center at 150 rubles, as a gift."[9]

"On December 7, in a memorandum to the Politburo personally signed by Andropov, the KGB proposed giving Allende another US$60,000 for what was euphemistically called 'his work with (i.e., bribing of) political party leaders, military leaders, and parliamentarians.'"[10]

The same book presents the disillusioned Soviets with the inability of Allende to plan in advance his defense against a coup d'état, and they cite Regis Debray, who knew him well, as saying that "he never planned anything more than forty-eight hours in advance."[11]

Subversion within the Armed Forces

The sense of urgency was accentuated because propaganda began to be disseminated among the soldiers of the Army, inducing them to disobey their officers. In a letter to the *Clarín* newspaper, a left-wing student leader recognized this:

> The comrades detained by army officers are militants of the Leftist University Movement [Movimiento Universitario de Izquierda]…that the propaganda that the comrades…were distributing to the soldiers had as its central message: "Soldier: disobey any officer who incites a *coup*…we notified the *coup* leaders, Frei and Jarpa, that the revolutionaries will continue their work within the Armed Forces attempting to identify and disobey the officials who would call for a *coup*, along with any attempt by those groups whom at all cost would try to impose on the government a program that would require surrendering the measures that it has taken.

The letter was signed by Mario Ricardi, leader of the University of Concepción. Published in *Punto Final*, no. 190, August 14, 1973.[12]

American diplomat James Theberge, in his book on the Soviet presence in Latin America, argued that there were multiple testimonies indicating an imminent armed guerrilla attack:

> In the late 1970s, Chile and North Korea agreed to establish diplomatic relations. North Korea opened a Trade Mission in Santiago in May 1971 and, subsequently, a training mission for guerrillas was transferred to Chile from North Korea—that had previously been installed in Cuba in 1970. The North Koreans agreed to train the military forces of the Socialist Party (part of the coalition of the governing Popular Unity), that were different from the more numerous forces found among the Revolutionary Left Movement (*MIR* being the acronym in Spanish). The extremists of the MIR and those of the Socialist Party were committed to creating an irreversible revolutionary situation, and then to force a confrontation with the security forces. Throughout 1973, the Socialist Party's shock brigades employed violence on a growing scale to intimidate democratic opposition. This was one of the main factors that led to the military pronouncement.[13]

The Pronouncement

On September 9, Rear Admiral Sergio Huidobro and frigate captain Ariel González had personally brought the following orders of Admiral José Toribio Merino to the commanders in chief of the Army and the Air Force, meeting in the former's house, on paper without letterhead:

> 9 Sept / 73
> Gustavo and Augusto
>
> By my word of honor, D-day will be on the 11th at 6 a.m.
>
> If you cannot fulfill this phase with the totality of the forces you command in Santiago, let me know on the back of this page.

Admiral Huidobro is authorized to bring up and discuss any issue with you.

Greetings with hope for mutual understanding,
T. Merino.

On the back is manuscript:

Gustavo: It's our last chance.

J. T.

Augusto: If you do not direct the full flow of our forces, pinpointing the target Santiago from the outset, we will not live to see the future.

Pepe

Then there is a line drawn across the page, and under it says thus, in handwriting:

Agreed.

Below is an illegible signature on the left, under which "Gustavo Leigh" is handwritten, and on the right is the legible signature, "A. Pinochet U."

In a notarized affidavit signed in Valparaíso on February 2, 1996, Admiral Merino referred to the origin of that document:

> The Government of Allende is the worst catastrophe that Chile has suffered since its independence. In less than a thousand days, he succeeded in destroying everything that this resourceful people had built since the eighteenth of September of eighteen hundred and ten. This became clear after I had been invited to lunch at La Moneda [presidential palace] by the President, and I had to take out my gun and put it on the table within my reach while I was eating. I returned to Valparaíso convinced that this situation cannot continue, and that this government must end. One reason was the fact that, after being the presiding judge in a case of attempted uprising in the Navy, those responsible for it being Garretón and Altamirano, and the fact that they were not detained even though there was an arrest warrant issued for

> them. Instead, on Sunday the 9th at 11:00 a.m. they were both on National Television, inciting the people to revolution. Upon hearing this, I took my pen and wrote the message, already known, to General Pinochet and General Leigh, commanders in chief of the Army and of the other Chilean Armed Forces, respectively, saying: 'D-DAY WILL BE ON THE ELEVENTH AT SIX O'CLOCK.[14]

Until he had received the message of Merino, Pinochet had not spoken, although he had already known everything. The day before, General Sergio Arellano had told him everything. Arellano had headed a "Group of 15," composed of generals from different branches of the military. They had met for months and had also been notified by Patricio Aylwin, president of the Christian Democratic Party, through Arellano's son Sergio, a party member, that there would be no further talks with Allende.

But neither did Pinochet speak when he heard about that from Arellano, because his confidence was based on his discretion. However, he hit the arm of the chair with force and said enigmatically, "I'm not a Marxist, shit…"

And nothing more.

Arellano interpreted it as his acquiescence and was thus satisfied. According to his son's book,[15] he believed that the pronouncement should be spearheaded by the joint commanders of the military branches, because there had been other generals in favor of separating Pinochet, as well as the Navy's Montero and the Carabineros' Sepúlveda—being worried that those three might side with Allende.

That same Sunday, September 9, Allende had summoned Generals Pinochet and Urbina to his mansion on Tomás Moro Street, where he was going to inform them that he had planned to call for a referendum, to which Pinochet supposedly replied, "That changes the whole situation… Now it's going to be possible to resolve the conflict within Parliament."[16]

He had not yet received the previously reproduced notice from Merino, brought to him by Admiral Huidobro and frigate captain (comandante) Gonzalez that same night at his home. But the

contingency plans authorized by defense minister Orlando Letelier had already been ordered, at the behest of Pinochet himself, in the face of concerns about possible insubordination stemming from the explosive speech yesterday by socialist leader Carlos Altamirano at the Caupolicán Theater, proclaiming the emergence of Chile as being similar to “multiple Vietnams.”

On the same day, the generals responsible for these contingency plans, had sworn allegiance to their execution; the joint commander did not need to be explicit (nor was it his nature to be so): everyone knew what they were really driving at.

The Junta Takes Charge and There Is One in Command

The military government junta, composed of Augusto Pinochet, head of the Army; José Toribio Merino, head of the Navy; Gustavo Leigh, head of the Air Force; and César Mendoza, general director of the carabineros, announced on national radio at around eight o’clock on September 11, 1973, that they had assumed full power.

Roberto Kelly, a retired naval officer—and later a key man in the military government—maintained that the first public statement of the junta was written by two naval officers: auditor General Sergio Vío and ship captain / lawyer Sergio Rillon.[17]

It was a composite, simultaneous decision of four heads of well-organized, hierarchical institutions. That fact implied the backing of civilian support teams and various tactical capabilities. In fact, their technical teams, supported by uniformed personnel, had already taken over almost all the radio stations in the country by dawn.

Command Posts

Shortly after seven o’clock in the morning of September 11, Pinochet arrived at command post no. 1, the Army Communications Center, in the Peñalolén District.

Post no. 2 was at the Air Force War Academy, in Las Condes *comuna*, headed by General Gustavo Leigh.

Post no. 3 oversaw civilian amateur radio operators, based at the military academy, but this post had remained detached from post no. 4, pertaining to the carabineros stationed at the institutional building in downtown Santiago, who would normally oversee such things. Instead, it was associated with posts no. 1 and no. 2, because the involvement of the police force had only been assured on the eleventh itself, when general director José María Sepúlveda Galindo, supporter of the Allende government, was notified that his post had been assumed by General César Mendoza Durán, who would now take part in the junta.

Years later, that same post no. 3, overseen by civilians, would be responsible for filtering the recordings of official but reserved conversations—mainly between Pinochet, Admiral Carvajal and Leigh. From then on it became immediately apparent that the highest authority, from the outset, was always Pinochet. Carvajal, a Navy man, consulted him on the crucial aspects of one event, for example:

> Carvajal: It's José Tohá (minister of the interior), and he told me to wait for a moment in order to convince the president.
> Pinochet: Negative.
> Carvajal: He is currently on the phone. I'm going to talk to him.
> Pinochet: Negative.
> Carvajal: Agree, my general. Agree, my general.

And Pinochet's instruction to Leigh: "Gustavo, we cannot show any weakness of character. And it is disastrous to grant extensions of time or to wait for some committee to make a decision."

They since abused such recorded phrases of Pinochet, colloquial and plagued with rude humor, because he always believed himself to be speaking safely, without violating confidence:

> "Kill the leader and the new recruits will stop coming, old man," or "the plane can be shot down even after we keep our promise to let him board it and leave the country."[18]

Every supreme commander is held up by two pillars: his decision and the objective force that supports him. Pinochet's decision to assume control of the situation was evident from the start. And the

others, two willingly (Merino and Mendoza) and another reluctantly (Leigh), complied. Yet the force of each was evidenced by common sense. As I heard Jaime Guzmán comment more than once, Pinochet had even pondered this minute aspect: “The Navy can only reach Casablanca (midway from Santiago to Valparaíso); and the planes must land to refuel.”

This reality was also revealed later, in 1978, when General Leigh attempted to rebel against the junta and found himself without a telephone in his office, isolated, and without even being able to learn that all the air bases in the country had been surrounded by the Army (chapter 6).

Congruently, Stalin was right when, under threat of being condemned by the Vatican, he answered with a simple question: “How many divisions does the Vatican have?”

Relative Surprise of Civilians

I was a congressional representative in mid-1973 when a senator from my National Party, Fernando Ochagavía, had asked me to telephone at the Ministry of Defense in order to speak to an Air Force colonel named Alfredo Lapostolle. Ochagavía had assured me that I could talk to him in full confidence. I called the colonel and agreed to visit him at the ministry.

The only thing out of the ordinary in the conversation that we had was that, at a given moment, he asked me what I would think of “a government of the Armed Forces.” I answered him, as a lawyer that I was, and according to what was written in the current texts, that the Constitution did not contemplate this possibility; therefore, I could not agree with it.

But I did not realize then that, rationally and informally, I should have already most certainly agreed. For almost two years, I myself had denounced, in my daily program on Radio Agriculture, the illegalities and unconstitutionalities that had been undertaken by the government. Was not that what Schneider’s “legalistic doctrine” described as “an absolutely abnormal situation that deviated from the legal framework on which the country’s leadership was based” and what was required for a “legal” military intervention?

Someone realized this fact better than me, and it was important that he did. In effect, an intelligent lawyer, former minister of the government of Jorge Alessandri (1958–1964) Enrique Ortúzar Escobar had taken note of all the illegalities and unconstitutionalities committed by the government and of which I complained about daily. He had arranged them into a draft agreement for the House of Representatives, in a procedure that had occurred exclusively to him, as a former secretary of apropos congressional committees, and that had not occurred to anyone else.

That was why Ortúzar asked Senator Francisco Bulnes, a leading light of the National Party, to call me to his office during June 1973, in order to let us preview a complete draft of a proposed agreement of the House of Representatives that he himself had drawn up. It culminated with a call to the armed forces to put an end to the existing situation. That document, once approved, was what stemmed the civil and democratic validation of the military revolution.

By that time one could smell the imminence and inevitability of its advent in the air. In July or August of that year, I had met at the radio station with Álvaro Puga, a nationalist intellectual and cultured writer who, under the pseudonym Alexis, also had a spot on the radio. At that point civilian politicians believed that there could be a military pronouncement, but we did not have information about it or know the feelings of those in uniform. I remember that Álvaro Puga revealed to me then, one or two months before September 11, that the ham radio networks that were going to support the armed forces and carabineros in the coup were already organized. I mean the coup had already been set in motion by civilian groups even before the men in uniform had decided to undertake it!

At that time, when such topics were brought up, I would say that I was “Gaullist,” in the sense that, in the face of an extreme crisis, a pronouncement could be generated that was not contemplated under the law, but only to re-establish legality immediately, with better terms, after consulting the people—just as de Gaulle had done in France in 1958. Once while in the House, I explained this point of view to my colleague Bernardo Leighton, a Christian Democrat, adding that I was, therefore, a “Gaullist” (“golista,” as pronounced in

Spanish). But he replied, “No, you are a *golpista*.” An overthrower. Everyone around us laughed.

Danger of Invasion from the North

It is an objective fact that September 11 put the sovereignty of the country at extreme risk. Younger contemporary researchers have recently documented that certainty:

> The Chilean Army knew that the situation was precarious: The Peruvian centennial aspiration movement sought to recover territories lost during the War of the Pacific [1879–1883] had been hovering strongly over Lima in 1973. The danger of war with Peru had been seriously contemplated by the Chilean high command for several months prior to the military pronouncement. On September 11, 1973, the general staff of the Ministry of Defense in Santiago was informed that the Peruvian high command had met in Lima to evaluate what was happening in our country. On the 12th, a group of high-ranking officials proposed an invasion of Arica to Peruvian President Velasco Alvarado, taking advantage of the confusion caused by the military intervention in Santiago. Perhaps the fast, orderly and forceful action of the Armed Forces, which allowed them to quickly take control of the country, caused the Peruvians to suspend its invasion of Arica. Without a doubt, that was the moment of greatest vulnerability for Chile. General Pinochet recalls: “That was the opportune moment for them to have acted with assurance of victory. We had left only two battalions in the North, or 1,600 men. Everything was here (in the capital); our armament was poor, and we had little ammunition. If the Peruvians had attacked then, they would have reached Copiapó.”[19]

The Government of the Armed Forces

On the morning of September 11, we Chileans learned on the radio what was happening: through the communiqué read by a chain of

radio stations, by which the commanders in chief of the armed forces and the general director of carabineros notified the country that the president of the republic must “proceed to immediately deliver his post to the Armed Forces and *Carabineros* of Chile,” that “the press, radio stations and television channels aligned or sympathetic to the Popular Unity must suspend their activities,” and that “people in Santiago must remain in their homes in order to avoid becoming innocent victims.”

The representatives of the National Party had agreed that, in the event of an institutional emergency, we would be divided into separate groups, in predetermined places. I had to go to Mining Radio, a station in the Providencia communa, and there I went. From that skyscraper I saw the bombing of La Moneda, looking from the terrace westward, and the mistaken bombing of the Air Force hospital (the pilot had confused it with the presidential mansion located on nearby Tomás Moro Street), looking eastward. When a curfew was declared in the early afternoon, we returned to our homes.

Only military and leftist combatants remained on the streets. We would be informed later that that same day thirty men in uniform had fallen and, as it should have been expected, many more leftist extremists. General Prats noted in his memoirs that in one occasion, his subordinate General Pinochet, referring to paramilitary groups, had told him, “Those cocks would not stand up to us if they were in a pinch,” which irritated Prats, who replied, “So you’re with the *coup*?” But it turned out to be the pure truth.

Commander (R) Roberto Kelly remembers that on that day, while at home, obeying the curfew order, he heard tires quickly braking in the street, and when he looked outside, he saw a military vehicle under the charge of an officer, who told him, “We are looking for Mr. Zaldívar [notary Rafael] to take an inventory of all the existing assets in the presidential residence located on Tomás Moro street.” (The notary lived across the street from Kelly.) When the minister of faith returned late that day, he phoned the sailor to come and talk with him. “There he told me what he had seen in Allende’s house,” he said.

“What did you see?” asked author Patricia Arancibia.

"According to Zaldívar, not only was there a large *caché* of weapons and explosives, medical supplies and first aid items, valuable paintings, a store of groceries and liquors, but also 'a big mess and lot of trash' including 'unholy material that is not worth mentioning.'"[20]

Last Speech and Destructive Anger

Allende telephoned Radio Balmaceda at around ten in the morning. It was the only station related to the UP that remained on the air. And through it he delivered his last speech, the "wide avenues through which the free man will go," a rather remarkable phrase coming from a politician who dedicated his life to depriving men of their freedom, as he confessed to Regis Debray in his famous interview, saying that he intended to establish a "socialist, integrally Marxist" system.

Pinochet learned of the diatribe and asked Leigh to remove Radio Balmaceda from the air. Then helicopter pilot Jorge Massa, who had gone to rescue some Uruguayan survivors at the end of 1972 up in the mountains at an altitude of 5,500 meters, rose up and, from two kilometers away, shot down the station's antenna.

The other station of the UP that was still sputtering was Radio Corporación (Radio Corporation), but an accurate rifle shot from the Ministry of Defense hit the antenna that had been placed in front at the Banco del Estado (Bank of the State), taking it off the air too.

Meanwhile, Allende, consuming several glasses of whiskey—the number of which oscillated between one and four—according to the source consulted, in this case American historian James Whelan, "still fought another war of his own inside the besieged palace: 'Let's have the pleasure of doing pieces the busts of all these old reactionaries,' he said to his companions. With a wave of his hand he indicated the busts of all the previous presidents of the country. 'Respect only those of José Manuel Balmaceda and Pedro Aguirre Cerda, the only democratic presidents. (Aguirre Cerda had led the first Popular Front government thirty-five years earlier, and Balmaceda was, of course, the special hero of Allende, the first populist president who ended his own life by committing suicide after

a military uprising in 1891). He then proceeded to head the act of vandalism."[21]

The order (bando no. 2) had already been transmitted:

> The *Palacio de La Moneda* [presidential palace, or home and office] must be evacuated before 11:00. Otherwise it will be attacked by the Chilean Air Force.
>
> Workers must remain at their stations; leaving them is strictly forbidden.
>
> If they do so, they will be attacked by ground and air forces.
>
> Reiterating what was expressed in the first order [bando no. 1], any act of sabotage will be sanctioned in the most drastic manner in the very place of act.
>
> Signed: Government of the junta of the Armed Forces and *Carabineros* of Chile.[22]

The Taking of La Moneda

James Whelan is the author of the most reliable and documented account of the Army's entrance into La Moneda and, in general, of what happened in Santiago on September 11.[23]

General Javier Palacios Ruhmann had sent Dr. Soto, from outside La Moneda, to tell Allende that he had ten minutes to surrender:

> When the ten minutes were up, Palacios entered the building in front of a platoon. Two soldiers who were with him fell when two GAP [author's note: Allende's personal armed guard, illegal], who were in a tight circle resisting, released a barrage. Upon entering the long Gallery of Presidents, which was now a mess of decapitated presidential busts, Arturo Alessandri and even Balmaceda, broken glass, shattered furniture and abandoned anti-gas masks, Palacios is face to face with a GAP that would not have more than eighteen years. The boy opens fire with a submachine gun. It misses, but a bullet that bounces opens a wound that bleeds copiously in Palacios' hand. A young lieutenant named Fernandez wounds the boy in the hand and on the head, then

takes out a handkerchief and passes it to Palacios, who uses it to stanch the blood from the wound.

“Thank you,” says the general.

The advance continues. Palacios almost stumbles upon the corpse of a GAP that has eleven bullets in its body. There are bodies scattered everywhere, messily. The few GAP that remain, the most fanatical of all, continue to fight, peeking out and disappearing through the doors, while firing and cursing as they do so. At least eight die in those last atrocities, and more are injured.

Realizing that relics of priceless value are threatened by flames, Palacios abruptly releases one order after another: save this, roll up that carpet, lower those curtains. (There is an article that manages to save: the sword of the Liberator Bernardo O’Higgins.) A box of ammunition begins to burn and explode. A roof sinks. A lieutenant calls him: “Over here, my general.”

The first thing Palacios sees is the figure of the dead man, sitting on a red sofa, with his head resting lightly on one shoulder, his hands swollen and black with gunpowder.

“There was not a single drop of blood, only a brain spread over him,” says Patricio Guijón. [Author’s Note: The doctor who witnessed the suicide of Allende and had stayed with him.]

At his side a steel helmet and an anti-gas mask. On the ground, used pods. Everywhere in the room, a piece dominated by a large picture of the Declaration ceremony of Independence, there was furniture lying down and a bottle of whiskey on the floor.

To the man who was sitting, as in a trance, near the body: “Who are you?”

“Patricio Guijón. I’m a doctor, one of the President’s doctors.”

“What are you doing here?” the general asked. Guijón explained about the gas mask. [Author’s Note: When he had retreated down a corridor to look for a gas mask, he had

witnessed Allende's suicide.] And he told Palacios that he had moved the weapon.

"And did you touch anything else?"

"Nothing else."

Palacios told him to put the gun exactly as he had found it. Guijón did it. Palacios asked him some other questions. It was clear that he suspected that this quiet man could have killed Allende.

"But he believed me when I told him I had not done it."[24]

Fallen Soldiers in Uniform on September 11

The best proof that there was an armed force of Popular Unity soldiers was the number of regular Army soldiers who were killed that same day, September 11. If the government forces had merely been "unarmed civilians," so many soldiers would not have died.

In that event, the following thirty men gave their lives: from the Army, Sergeant Ramón Toro Ibáñez, Second Corporal Hugo Mora Narváez, Second Corporal Agustín Luna Barrios, Second Corporal Luis Castillo Astorga, Private Sergio Espejo Plaza, Private Juan Segura Sepúlveda, Private José San Juan Naveas; from the Navy, Second Lieutenant Carlos Matamala, Second Lieutenant Víctor Parada, Cadet Allan Murphy, Seaman Manuel Yáñez, Seaman Carlos González, Seaman Apprentice Moisés Pérez, Seaman Apprentice Juan Núñez, Seaman Apprentice Fernando Montenegro; from the carabineros, Major Mario Muñoz Carrasco, Captain Héctor Dávila Rodríguez, Lieutenant Ramón Jiménez Cadieux, First Sergeant José Wettling; and carabineros Martín Vega Antiquera, Raúl Lucero Araya, José Apablaza Brevis, José Maldonado Inostroza, Juan Herrera Urrutia, Manuel Cifuentes, Fabriciano González Urzúa (Author's Note: Posthumously promoted to noncommissioned officer for heroism shown in rescuing a wounded comrade in the Indumet industry, being killed in the process), First Sergeant Anselmo Aguayo Bustos, Mario Barriga Arriagada, Pedro Cariaga Mateluna, and Corporal Orlando Espinoza Faúndez.

The country has all but forgotten these thirty names and those of other fellow soldiers. Of late, many of those who fought on that same

date have been imprisoned, but here the honored dead are recorded. They deserve special recognition on account of the importance of their sacrifice.

James Whelan states, “Before it ended (the siege of La Moneda), perhaps half an hour later, seventeen soldiers had been killed or wounded, there, in Plaza Bulnes and two blocks west, in a deafening crossfire between the big ENTEL tower (the government’s international telephone plant) and the Ministry of Education. Lieutenant Hernán Ramírez Haldt was next to Sergeant Toro, one of the most popular instructors of the NCO School, when he was mortally wounded.”[25]

There were also eighteen uniformed wounded. Of the total casualties, twenty-four were from the Army, seven from the Navy, and sixteen from the carabineros.[26]

The total number of uniformed men killed between September 11, 1973, and December 31, 1973, was eighty-four.[27]

A Clandestine Army Existed

A militant communist, Wladimir Salamanca, reported in the red newspaper *El Siglo* (*The Century*) one episode of the fighting on September 11:

> In a fortuitous way, a truck of comrades that was heading towards Santa Rosa, seeking to contact workers of Mademsa and Madeco, came across a police patrol, a bus and some tanks. There began an armed combat that lasted from two in the afternoon into the evening, on all the main streets: Commander Riesle, Toro y Zambrano, Álvarez de Toledo. By evening our comrades managed to repel the onslaught of the *Carabineros*. It was our first victorious battle. At night, there was no light, people from other places and comrades from other parties began to arrive to organize the resistance. The next day there were no clashes of that magnitude. The important confrontation was on Tuesday the 11th. Several casualties were inflicted on the military and *carabinero* forces. In the civil population that did not participate in the direct

> confrontations there were casualties because the logic of the *coup* leaders was that everything that moved was a target of war: dogs, horses, vehicles and, above all, they shot at houses. That day there were several residents injured and killed, but none among the comrades who formed the resistance. Only one leader of Sumar-Nylon died in the confrontation.[28]

The "underground army" had been formed with enough outside help. In his book *STASI: The Secret Police of the German Democratic Republic*, John O. Koehler recalls this:

> Allende was elected president of Chile, and the East German regime was ready to lend its support from the Stasi. Just weeks after the election, a dozen specialists in covert operations and guerrilla warfare were dispatched to Santiago under diplomatic cover. They were followed by other trainers from the Eastern Bloc, including officers from Czechoslovakia, as they settled in camps near Valparaiso. The Soviets provided them with weapons and prefabricated shelters. The "students" were young marxists from the Revolutionary Front Manuel Rodriguez. [Author's Note: This is a mistake by Koehler, because the FPMR was formed in the 1980s.][29]

Whelan, however, says this:

> The military also discovered a lot of documentation—including a list kept by Daniel Vergara, the long-serving undersecretary of the Interior—of the 14,085 foreigners who were illegally in the country. Among these foreigners who were captured almost immediately were twelve officers of the Soviet army who had been gathering revolutionary workers in a Soviet-installed factory in El Belloto, near Valparaíso. Naval intelligence had kept them under close surveillance from the moment of their arrival a year earlier and they were arrested on the morning of the revolution—along with eight Soviet engineers and technicians who worked with them—and expelled several days later.[30]

When the military coup of September 1973 resulted in the death of Allende, most members of the Stasi managed to leave the country using diplomatic passports and returned home.[31]

In that regard, I experienced a curious experience with my friend and tennis rival economist Adelio Pipino, author of the "Economics Page" of *El Mercurio*, on one of the days following September 11, 1973, at a time when they had lifted the curfew. We decided to go play tennis, and I went to pick him up one afternoon in my Fiat 125. While we were heading toward the country club, on Isabel La Católica Avenue, we saw a Skoda station wagon, of Czech manufacture, had broken down and two robust blond Europeans were making an effort to push it and get it going again. It was seen that the back of the vehicle was overloaded with heavy materials covered by gray canvas. They seemed very embarrassed, and even a little desperate. We stopped to help them and pushed the vehicle with the Fiat, until they managed to make it start again and went on their way.

Adelio and I thought to ourselves, in our capacity as irresponsible civilians, that we surely had saved a couple of Eastern European communists from the military checkpoint by helping them transport clandestine weapons, and continued on our way to the country club.

Log of Terrorism Post-September 11

Added to the thirty uniformed men killed and eighteen wounded on September 11 were another four and six, respectively, on the twelfth; three and five on the fourteenth; four and three on the fifteenth; one and one on the sixteenth; two and one on the eighteenth; two and one on the nineteenth; one and two on the twentieth; three injured on the twenty-first, four on the twenty-second; one dead on the twenty-third; two injured on the twenty-fourth; one killed and three injured on the twenty-fifth; and one killed and two injured on the twenty-ninth, just in September 1973.[32]

In October 1973, there were fourteen dead and one wounded men in uniform. In November 1973, five dead, and in December, seven dead. Uniformed fallen, dead or wounded, between September 11 and December 31, 1973, totaled eighty-four.[33]

These people fell because there was an armed adversary on the front lines, not merely “unarmed civilians.”

The communist leader Luis Corvalan confessed to the Italian press the abundance of weapons available to his party: “Unfortunately, few people knew how to use the weapons we had, of which the generals discovered but a small fraction, because there had not been enough time to train the popular masses in their use.”[34]

They only needed time.

Frei Montalva wrote shortly after the eleventh to the Italian Christian Democrat leader Mariano Rumor: “There are more than fifty documents published by the Christian Democrat Party, and then revealed to Parliament, regarding illegal arms stockpiling… These weapons are of Czech or Russian origin; weapons that the Chilean Army has never had.”[35]

Just in Time

The historiography and the predominant propaganda in Chile—and the world—have hidden from national knowledge and world public opinion the existence of an armed extremist threat in Chile in 1973. As a result, they have managed to make disappear any evidence that it was the Popular Unity’s own plan to do a self–coup d’état in Chile, which is included in the so-called Plan Z, drawn up by those in the government in charge of the armed revolution.

Thus, while it is commonly heard that Plan Z was an “invention of the military government” or its supporters, there is evidence of its genuine existence as a leftist plot. Of course, as directed by the military junta, the whole notion was reproduced in the *White Book on the Change of Government in Chile* (1974), published by Lord Cochrane Press, and distributed both within Chile and abroad, particularly in the United States.[36]

> “Plan Z” had a date: “5.8-73” [*sic*]. The facsimile reproduction contemplates several alternatives of the armed struggle, the first of which reads: “1. CASES OF APPLICATION OF THE PLAN: Z-A: Initiate a *coup d’état* to acquire TOTAL POWER and impose a DICTATORSHIP OF THE PROLEARIATE

against the actions of a segment of the Armed Forces supported by civilian groups."

Later, it details the planned actions and in one section says the following:

A-2. Simultaneously the President's personal security forces [GAP] in *La Moneda* and related venues will proceed to discharge the generals, admirals and other high-ranking officials who will have gathered to attend an official lunch provided by the government on Army Day.

And still further details:

5. NOTICE FOR THE APPLICATION OF ZETA.
The regional commands of AGP [guerilla mechanized units] and L-6 will apply ZETA in the first PHASE, in the following cases:
"1st When they receive an express notification of causal Z-A (tentatively it will be September 19, 1973)."[37]

Popular Unity people deny that Plan Zeta was authentic, but a historian who was part of the Rettig Commission to investigate human rights abuses under the military government, and who is the author of *The History of Chile After 1891*, Gonzalo Vial Correa, has certified the authenticity of the Zeta Plan.

In an interview with the newspaper *La Tercera* (March 24, 2002), he was asked, "But do you believe in the veracity of Plan Z?" He replied with thus:

"I believe in the veracity of Plan Z. Why do I believe it? A minister said that they do not believe Plan Z, nor do those who supposedly invented it. Therefore, I have to deliver my version, not for some interest in politics, but rather in history. I have reason to believe that Plan Z is authentic. The *White Book*…came out in October 1973, when a group of *coup* supporters…told the government that the *White Book* had to be made to explain why the Chilean government had changed, in order to counteract what was being said abroad.

They granted that we were right and then commissioned us to write it. It is an official document."

"How did you collect the material?"

"We told these government employees that they had to give us documentation about the Popular Unity, from that which they had collected during raids… There then arrived kilos and kilos of documents, and photocopies; we selected those that seemed most interesting. The fact is that none of those documents has been objected to in terms of authenticity. For example, in the *White Book*, Fidel Castro's first letter to Salvador Allende pushed him to provoke a civil war. He listed for the first time the list of weapons that were stored at Pudahuel. There have been very notable verifications of the veracity of those documents… The Radical Party had an intelligence system; one of their reports appears in the *White Book* pertaining to a meal that General (Carlos) Prats had had with a series of politicians. That fact came out in the book and, of course, they denied it. But twenty years later, in the memoirs of Prats it appears there—the food and the same conversation topics. That fact gave an account that verified the documents."

"What background do you have to say that it is authentic material and not some farce?"

"This document appeared and we met our contact, who was an officer of the Navy. We had to move a lot, to do countless confirmations that would allow us to confidently publish the photocopy of Plan Z. For me, this antecedent showed its authenticity."

State of Siege and the First Post-9/11 Book

By Decree No. 3, issued on September 11, 1973, a state of siege was declared throughout the country, given the need to combat the armed groups that had already been organized for years.

A day later, the set of powers conferred by the state of siege was deemed insufficient to discourage internal armed resistance, and Decree No. 5 was issued, based on "the situation of internal turmoil

in which the country finds itself," and in the "need to repress in the most drastic way the actions that are being committed against the integrity of the personnel of the Armed Forces, of the *Carabineros* and of the population in general." In its first article declared, interpreting article 418 of the Code of Military Justice, the state of siege imposed by internal agreement according to Decree No. 3 of the previous day should be understood as being issued under "wartime status," for the purpose of applying the then-current penalties contained in the aforementioned code and other criminal laws and for all ancillary purposes of the legislation.

From this decree, in recent years, the courts of justice have resolved that in Chile there was a "state of internal warfare." This view is unfounded, because the only reference made to this state of siege documents was for the purposes of the penalty applicable rather than for other elements proper to conditions of internal war.

In those days, the first book published in the country after September 11, *Operación Primavera* (Operation Springtime), was written by Christian Democrat lawyer and author Alejandro Magnet, in which the *coup* was described. However, the author claimed that he had finished writing it on August 30 and had delivered it to the publisher:

> I did not know anything. On the one hand we were all convinced that this could not last, but very few knew what was really going to happen. I wrote *Operación Primavera* as a kind of intermediate step between an essay and a novel. Like many Chileans, I was desperate and furious with the Allende government, and it seemed to me that a novel could be a better instrument than an essay for Chileans to become aware of what that government was all about.[38]

Even the Cardinal Was Considered "Saved"

The former minister of labor under (President) Frei Montalva (1964–1970) and later national security adviser during the military government, William Thayer Arteaga, who despite being a Christian Democrat always remained a supporter of this government, recounted in his memoirs the following illustrative episode:

> When the government of Allende fell, Frei told me that he would attend the thanksgiving mass that would take place on September 18, 1973 at the Church of National Gratitude, which would also be attended by former Presidents Gabriel González Videla and Jorge Alessandri. Frei went because, he told me, "he would be a piece of shit and a coward if he did not attend. The military saved our lives and the country from a *degollina* [a mass slaying]."
>
> I think it was more or less in front of the Cathedral, in the *Plaza de Armas* [downtown Santiago], where I was taking into consideration what I said to Frei. I asked Cardinal Silva Henríquez in those days: "Tell me, Eminence, do not you think that if it were not for the military, many of us would have been murdered?" He replied: "Not only you, but me too."

Those were the same words of Frei. During the entire period in which Frei did not set himself against the Pinochet government, Cardinal Silva also concurred with it. The rupture of both men's relationship with Pinochet sometime later was very strong. I do not know if the breach was only coincidental or reciprocally invoked.[39]

Official Communist Declaration and Armed Struggle

On October 11, 1973, the Communist Party issued a remarkable statement:

> A fascist[2] dictatorship has been set up in the country with the sequel of crimes and abuses that characterize such regimes. The plan of the *coup*, its line of execution and bestial methods are of foreign origin. It was born in the offices of the Central Intelligence Agency, in direct connection with the International Telegraph and Telephone and Kennecott. To carry out this plan, a special group was formed in the Pentagon and the White House. The fascist junta does not represent any national or patriotic spirit. Its essence is anti-patriotic, undermines the interests of Chile as an independent nation. It

> works like a fascist appendix in the service of imperialism and internal reaction.[40]

But the revolution worked as planned by the Chilean men in uniform and, in fact, in the United States and Europe, comments about the effectiveness and organization of the military coup surfaced. Yet starting the same day (September 11, 1973), a variety of unknown and undesirable situations arose in Chile at the local or communal level. The highest authorities took no notice of them at all. Some would appear, or rather "explode," years later, when they were brought up, causing serious damage to the junta's image and, in particular, its president, who was the designated target of the Soviet KGB, set up to take the hits.

Multiple and Pitiful Spontaneous Folly

For example, no one knew until 1978 what happened in the small community of Lonquén, near Santiago, during the days following September 11. A succinct account was given by a former security guard and Army officer's statements to the press many years later:

> The *carabineros* at one checkpoint, knowing about the presence of cattle rustlers in their sector, were known to have shot and burned the rustlers, often with the help of civilians interested in putting an end to that crime. There were also deaths in cities, towns or localities where the Armed Forces were not present. Lonquén is one example. Who gave the order?[41]

In addition to the fact that such episodes arose and that others that would arise later were unknown to the junta, its president, and public opinion, the "official history" has been changed. It happened later, too, with the finding of bones buried in Laja and Yumbel in the south, as well as in the agricultural town of Paine in Central Chile, where mutual hatred was unleashed in pre– and post–September 11 abuses. Such bloodthirsty sentiment reappeared at the slightest incitement afterward, too, as when former president Pinochet was

arrested in London in 1998, wherein even an American newspaper echoed the domestic division, as described later in this chapter.

Elsewhere in the country similar things happened: In Mulchén (Bío-Bío region), a dozen rowdy country people were executed by some carabineros and buried—without a trial and without the knowledge of their superiors. The remains were unearthed years later, precisely when the facts of Lonquén were concocted in 1978, which provoked national and world horror. As a result, the junta investigated to see if there were other similar situations unknown to the government, under promise of amnesty granted to those who would reveal the circumstances.

In the early days of October 1973, members of the Valdivia Regiment and the carabineros scoured the Panguipulli area, where guerrilla commander Pepe (José Liendo) had usurped large tracts of land and had boasted to journalist Nena Ossa that if the revolution did not generate a million deaths, it would fail. The uniformed men captured him in the Baños de Chihuío and killed seventeen rural workers that a civilian had identified as revolutionaries.

Their remains were buried in graves dug for that purpose, and only in 1978, under the rumble of national and international alarm that rose due to the findings in Lonquén, did the higher authorities take note of what happened. The remains were then exhumed and thrown into the sea. Acts of this nature, unbeknownst to any superior officers or area chiefs, were completely contrary to the junta's directives. When they were finally investigated and revealed in 1978, the proceedings were not resolved properly, i.e., by revealing the whole truth of what happened and delivering the remains to relatives. (See details of the Chihuío case, December 18, 2017, in ruling number C272–2011 of the First Trial Court of Valdivia.)

Regrettably, in 1978, an unfortunate measure was taken to dig up the remains in cases of secret burials and it was ordered to throw them into the sea. All this activity was undertaken using an even more unfortunate code name: Operation Television Pickup. The author of this unfortunate action is not known, but evidently the junta was responsible for authorizing its implementation, and thus its image suffered the disastrous effects for sanctioning such nonsense.

The criterion that guided the 1978 investigation into possible hidden excesses was that the government must not be exposed to the opprobrium of future and successive discoveries of illegal burials —consummated by unauthorized personnel acting without the knowledge of their superiors. All this mess occurred in the midst of a grand disorder characterized by improvised actions that took place during the first months after the revolution, for which the junta was not, in fact, aware or responsible. But the world blamed it. And still does.

Sometimes, the instigators of illegal military actions were civilians. In particular, I remember the case of a relative of mine, an owner of a farm in Central Chile who, during the "takings" of farms under Allende, had been repeatedly threatened with death by the local authority that promoted those usurpations. Just days after September 11, he suddenly met in the respective town with an officer of the local military regiment, carrying imprisoned that same Popular Unity authority.

He told him, "Don So-and-So, here, we have taken the one who had condemned you to death. What should we do with him?"

"You have to resolve that issue yourself rather than ask me," replied the farmer, all along thinking about the meaning and scope of the question asked by the officer, who (at least in theory) would have known perfectly well what the then-current law dictated regarding such cases.

Attempts to Erase the True Story

In yet another example of how the truth of what happened has been altered, the newspaper *El Mercurio* editorially published on September 22, 2001, that armed people at the Technical University of the State (now the University of Santiago) "resisted uniformed personnel on September 11, 1973." Then a professor at that university, Francisco Javier Gil, objected to the editorial and wrote to the newspaper, stating, "The University Reconciliation Commission of the University of Santiago de Chile, over which I had the responsibility of presiding, has concluded that the military forces that entered the university did so using firearms of different calibers, but

that they confronted people who had no weapons and who offered no resistance."

Nevertheless, on the same day that Gil's letter appeared, two others arrived contradicting it. One, from the carabineros general Gabriel Ormeño Melet, described "the severe armed attack to which the 11th Carabineros Commissary in Santiago and the adjacent neighborhood (both being located opposite the university) fell victim of the gunfire originating from the buildings of the university."

He added that carabinero (policeman) Pedro Ángel Cariaga Mateluna, "located in the upper part of the water tank tower in the neighborhood where the *carabineros* were located (next to the police station), was killed immediately by sniper fire emanating from inside the university."

Yet another letter, from lawyer (and former *carabinero* officer) Luis Humberto Villagra Reveco, stated that being a captain on September 12, 1973, and "finding [himself] with the staff on the terrace of a government housing project attached to the defensive position of the police station, [they] were attacked by bursts of machine-gun fire. As a result, *carabinero* Pedro Angel Cariaga Mateluna died, who was at [his] side, while some other *carabineros*, including the undersigned, were also injured." He continued, "That afternoon I remember that a group of 110 students surrendered to the Army's forces, prior to which they had gotten rid of their weapons, and to my knowledge none of them was ever indicted for the murder of *carabinero* Cariaga, and thus no one has ever discovered the identity of the murderer."

State of Internal Shock

On September 12, the junta, in the exercise of its constitutional, legislative, and executive powers, issued Decree No. 5, which was founded "in the situation of internal turmoil in which the country found itself" and "in the need to suppress by the most severe means possible the actions being committed against personnel of the Armed Forces, *carabineros* and the population in general." In article 1 it declared, interpreting article 418 of the Code of Military Justice, as stated above, that the state of siege imposed by internal commotion according to Decree No. 3 of the previous day should be understood

as “state or time of war” for the purposes of applying corresponding penalties during that time, as contained in the aforementioned code and other criminal laws and for all purposes of said rule.

This state of siege was maintained through September 11, 1974, when Decree No. 641 was issued, declaring the country to be in a state of siege (in terms of internal defense), in accordance with Decree No. 640 of the previous day. The prevailing conditions in the country constituted “a case of internal commotion provoked by rebel or seditious forces that are already organized or will organize, either openly or clandestinely.” In accordance with article 6(b) of that decree, which resulted in putting into effect “wartime courts referred to in Title III, Book 1, *Code of Military Justice* with respect to the military jurisdiction of the time and the procedures established under Title IV, Book 2 of that code, and the special purposes foreseen under wartime,” the situation remained in effect for another six months after the publication of Decree No. 641, that is, until March 11, 1975.[42]

Hatefulness and Revenge

Yet another example of the multiplicity of situations recorded in different parts of the country was this ruling pertaining to three deaths that occurred in the south, near Temuco, in those first weeks after September 11:

> A neighbor in Curarrehue, apparently motivated by some old quarrel over the ownership of a piece of land, reported Alberto Colpihueque Navarrete to the local military, charging him with being a militant communist and having committed crimes such as theft, cattle rustling and incest. Based on these accusations, military personnel went to Colpihueque Navarrete’s home and arrested him along with two of his children.

Later those people were found dead.[43]

In Porvenir, Tierra del Fuego, three Army noncommissioned officers killed three extreme Left prisoners in October 1973. More than thirty years later, in 2006, summary judge Joaquín Billard of the

court of appeals of Santiago sentenced Second Lieutenant José Aguirre to five years and one day of effective imprisonment. The noncommissioned officers who committed the homicides confessed that Aguirre had given the order to shoot them in 1973.

However, Aguirre presented proof that on that date he had been in Punta Arenas, forty-five kilometers away from Porvenir, via occasional ferry on the Strait of Magellan route. The court of appeals acquitted him for not having been in the place when the crime was committed. But the case went up to the Supreme Court from there, by virtue of an appeal in cassation (or annulment) in which Aguirre was not even mentioned, wherein the highest court in 2008, ex officio, sentenced him to seven years in prison, despite the fact that he was not in the place where the murders occurred and that he had been previously acquitted. It seems that the “justice of the Left” had already acquired a preponderance on the highest court, a situation that continues to today in 2018, to the detriment of the rule of law. Indeed, the “revenge of the Left,” more than justice, has seized the courts.

Spanish Priest Shot

Former president Pinochet was arrested in London in 1998, after the British government received an order issued in Spain by leftist lawyer and former adviser of Salvador Allende, Joan Garcés, which was dispatched to the United Kingdom by Spanish judge Baltasar Garzón, now forced from bench for lying and prevarication. One of the accusations against Pinochet was the 1973 execution of Spanish priest Juan Alsina, about whom, of course, he could have hardly known anything during that turbulent time.

Here is the truth of the matter, which properly reflects the variables in play during a revolutionary episode. Chile was a convulsed country at that time, as detailed in a complete and objective investigation of the Alsina case by National Television of Chile. That station was controlled by the opposition center-left government that took office in 1990, and aired a special report on August 11, 1994, stating the following:

> In 1973, Priest Alsina was working as Chief of Staff at the San Juan de Dios Hospital in Santiago. When the military pronouncement took place, other priests of his congregation had recommended that he not continue in his role because of the danger that doing so might represent. But Alsina replied that, in fact, he bore no responsibility that might make the military suspect him.
>
> The same priest, during the government of the UP [Popular Unity Party], had verified a large administrative fraud in the hospital, by several leftist officials, including some mismanagement related to the UP.

Those people, knowing that a military order (bando) threatened those who had weapons in their possession with severe penalties and even execution, falsely accused Alsina to the military, that he had accumulated arms in the hospital. In fact, weapons were found there by the men in uniform, which, obviously, the priest knew nothing about. Presumably, his accusers were the ones who had accumulated these weapons.

Responding to such accusations, a patrol of the Yungay Regiment from San Felipe, commanded by a captain named Cáraves, arrested Alsina on September 19. They took him to a nearby bridge over the Mapocho River and shot him there as being responsible for maintaining and distributing weapons, applying all the rigor of the letter of Decree No. 23 (bando).

The special report journalism team sought Captain Cáraves in 1994, only to find out that he had died prematurely at the hospital in a town near Viña del Mar. Among his acquaintances, a special report found a priest who stated that he had been the last confessor of the captain. Interviewed, he said he had received the confession of Cáraves in which he expressed his repentance and regret for life upon learning, after the execution of Alsina, that the accusations against him were false.

This episode, considered from the vantage point of a group controlled by the adversaries of the military government, reveals in all its drama why some of the forces unleashed during a revolutionary process cannot possibly be imputed to superior commanders. They simply were uninformed of the multiple

circumstances present in the field. Games of evil and lies are deployed by the worst scoundrels in society during such events, representing considerable danger for countries that have been carried away into crises by governments and politicians who nurture the idea of unrealizable utopias.

Those were days when the most urgent priority seemed to be fighting the clandestine army, from which not a few took advantage of consummating vindictive retribution or committing excesses. For that reason, without knowledge of the junta and not even of the zone chiefs, there were executions like those of Lonquén, which only came to be discovered five years later, and others in Pisagua, La Serena, Antofagasta, Calama, Paine, Yumbel, and Laja.

From the start, there had been a dark legend wherein it was universally assumed that President Allende had been assassinated by the military, despite the face-to-face testimony of his personal doctor, Dr. Patricio Guijón Klein, who affirmed Allende's suicide in a televised report on September 11, 1973, as we have seen. Finally, in 2012, a delayed judicial process investigating the supposed homicide of Allende ended with a unanimous decision of the third chamber of the court of appeals of Santiago, which specified the cause of death: "It came from a deliberate act in which he voluntarily took his own life, and there was no intervention by third parties, either to kill him or to help assist him end his life, and thus there is no reason to believe that a crime was committed."[44]

The Case of Paine

During the government of Allende, around the small agricultural town of Paine (Central Chile), violence and despoiling actions were taken against farmers. There was a very deep political division in the town. After September 11, 1973, numerous leftists, whose arrogance and abuses had become notorious, were seized and supposedly killed, since the whereabouts of some of them is still unknown. The identity of numerous bodies that were exhumed at the end of the 1970s and thrown into the sea (Operation Television Pickup) has likewise not been investigated.

Each time someone reactivates the climate of hatred, these deaths reappear. Such was the case when President Pinochet was arrested in London in 1998. The *New York Times* reporter Clifford Krauss, who visited Chile at that time, wrote that in Paine, a "small town of grape and citrus fruit growers," paintings had reappeared, saying, "Die Marxist dogs" and "Viva Pinochet," on the walls of a local provisions store owned by the widow of a left-winger who had been killed twenty-five years earlier. Alternatively, graffiti on the house walls of a right-winger said, "The people united will never be defeated," characteristic of slogans used during the years of the Popular Unity.

The report added, "Florinda Millán, the mayor of the town, age 47, said: 'The memories are painful and unpleasant, so most people prefer to keep the door closed regarding them.' However, the Pinochet case reopened that door widely."[45] In Chile, the Left has, for more than forty years, chronically reopened the same door and, by doing so, probably helps the Left forget its own faults and thus gain votes and substantial economic rewards. But that tactic also makes reconciliation impossible. In Chile, the main obstacle to reconciliation is simmering Marxist hatred and profit desire.

White Pigeons Not So White

In the biography of a leftist and Catholic trade union leader, Clotario Blest, we find the following story, which speaks for itself:

> At the end of the ceremony, priests Vergara and Aldunate asked Clotario to tell us some anecdotes. I pointed to a skull that was on the table and asked him why he kept it: "That is the head of a cat and thanks to it I am alive." "How is that, Don Clotario?" they all replied:
>
> Shortly after the *coup*, one afternoon a strong contingent of soldiers raided my house insulting me, they wrapped me in a Cuban flag that they had given me on the island and they made me go at a goose pace in a circle around the patio. Then they started digging holes for weapons. I thought that my last moment had arrived, because I had buried a quantity of weapons that a Uruguayan nun, Hilda Elena Meikle, had given me two days after the coup. I knew her, because she

belonged to the Young Church and I gave her shelter for one night. As a precaution, on top of the weapons I put dirt and on top of it the skeleton of a cat. In their search they found the place. Triumphant and surprised they asked me: “What is this?” I replied: “Bones of a rooster.” “This does not look like a rooster but a dog.” And as to whether it was a dog or a rooster or a cat, a heated discussion dragged on and the military did not continue digging. You will understand that if they had continued to remove the dirt they would have shot me immediately. That is why the head of that kitten is placed in a privileged place.[46]

A kind old man, a naive little nun, weapons to kill people… military avoiding it… How bad was the military! Shortly before September 11th, Clotario Blest had a meeting:

I was going down the street and Allende passed by, surrounded by sycophants. “Look, Clotario, he told me, you have never been to La Moneda since I’ve been President.” “Yes, Salvador, you know I do not like to reach for the sky.” “But I need to talk with you,” he replied. I went that week. We were talking in private. He told me very good things: “I needed to speak with you to express that the President of the Republic no longer commands in this country. The political parties and their leaders make the decisions, without obeying my orders.” I was alarmed: “That cannot be,” I replied, “you must put yourself in a right mind.” “There is no time,” he replied. “I know that if I abdicate they will kill me and if I stay they will, too. But come talk to me at my home on Tomás Moro, because I want to continue talking.” Unfortunately, and despite being worried, I did not go, which still stings my conscience. I should have gone, maybe if I had some measures could still have been taken. That was the situation of Allende.[47]

A Country Governed by Bandos

On the same day, September 11, the junta issued nine orders (bandos), all with instructions so that people did not commit acts that

could have made them subject to armed repression. They demanded that people avoid street meetings and return promptly to their homes.[48]

And then, in the first days, when so many things happened in so many places, the junta dictated another 41 bandos, or orders with legal force, which placed true total power in their hands over a citizenry that was mostly willing to accept it, attuned to the emergency and the fear of possible civil war. For example, bando no. 12, also issued on the eleventh, warned that any press releases, radio or television information, issued without approval of the junta would trigger forceful intervention against that media. Decree No. 13 froze all accounts of public enterprises and departments. Decree No. 16 (September 12, 1973) established and regulated a "curfew," i.e., a period during which people could not go out to the street, as determined by the respective military zone chiefs, or CAJSI (area commanders of justice and internal security). These were uniformed zonal leaders located in Antofagasta, Santiago, Concepción, Valdivia, and Punta Arenas. The CAJSI had broad powers to judge abuses and inconsiderate usurpations. Some complied, even while others did not, in order to avoid conflict. One was transformed, after 1990 (retired general Joaquín Lagos Osorio, Antofagasta), into an accuser of the military government for its abuses of human rights, despite having had himself all the powers to abstain from abuses or punish them!

The newspaper *El Mercurio* (September 26, 1973) published the forty-one bandos decreed up to that date, which covered a wide variety of subjects. On the whole, they reacted to the nationwide situation where local authorities were so disoriented that they did not know where to begin in their task of governing.

I remember that, in those early days, hardworking young Army officers were assigned the task of examining everything that was published in the newspaper *El Mercurio*, where I returned to work after having served in Congress as a representative, before that body was officially dissolved on September 20, 1973.

The task of the young officers undertaking the censorship was exhausting, and therefore, they became exhausted. Consequently,

after only a few days, their superiors recognized the futility of the activity and withdrew them.

Closing of Congress

By Decree No. 27 the junta ordered the closure of Parliament and assumed the legislative and constituent functions. Politicians reacted badly to the decision:

> The closing of the national Congress, an institution that had worked practically without interruption for 160 years, deserved a joint declaration by the presidents of the Senate and the House of Representatives, Eduardo Frei and Luis Pareto, respectively. They indicated that “in the current Congress we represented in the Senate and the House of Representatives the majority that constituted the Democratic Opposition. These majorities were chosen by the people after a hard fight against fraud, violence and the misuse of state resources. The parliamentarians that comprised these majorities, like those of the previous Congress, fulfilled over the prior three years their duty to Chile, with honor and integrity. When many were silent or hesitant, it was they who first raised their voices in such high places to defend freedom; they denounced an economic policy that led the country to collapse; corruption and abuses in the administration of the state, and were also the first to point out the entry of arms, along with a foreign troop presence, and intervention into our personal lives. They did not hesitate to accuse any ministers of state and high officials who trampled on the law, and on July 8, 1973, as the presidents of the Senate and the House of Representatives, we pointed out to the country the errors and damages that the actions of the government entailed. On August 22, 1973, the House of Representatives approved an agreement in which the repeated transgressions committed against the Constitution and the law were denounced before the whole country. Within this same line of reasoning, support was given to the Supreme Court in its attitude of defending the full

> independence of the courts of justice and the comptroller general of the republic… For all that they were exposed to calumny, to the vilest attacks, to threats and even assault against their persons. No one will be able to forget or erase their actions, without which the country would not have become aware of the disaster you were living under and would not have stopped projects that, having been converted into law, would have changed the fate of the Republic… The chaos to which Chile was led by foolish management inevitably led to the breakdown of its institutions. No word or attitude can change the facts at this time. The only important thing to think about is Chile. Thus, in terms of everything else, the same has been affirmed by those who have assumed control of the government.[49]

The statement oozed more resignation than protest. It would have been difficult to imagine, at that time, a functioning Congress, deliberative, with parliamentary supporters of the fallen regime operating at the same time as a government committed to combating subversion promoted by that same regime.

Guerrilla Army in Gradual Disappearance

No one could have yet known, at that moment in history, the caliber of the armed threat that the clandestine army of the Popular Unity represented.

In October 1973, Aylwin was very explicit in expressing what most informed people believed. Even though in 1993 he denied having said what he did, his words were graven in the following video-recorded quotation that is still easily accessible on the internet:

> We have the conviction that the so-called “Chilean way to erect socialism,” which was pushed and hoisted by the Popular Unity as a banner and often exhibited abroad, was completely unsuccessful, and was even recognized by Popular Unity militants. Allende knew it; and for that reason they prepared, through the organization of strong armed militias that were very well equipped, constituting a true

> parallel army, to strike and thus assume totalitarian power by violence. Under those circumstances, we think that the action of the Armed Forces simply anticipated this serious risk, thus saving the country from falling into a civil war or a communist tyranny.

Those words were filmed and uploaded to YouTube, along with the 1993 recording in which Aylwin denied saying them.[50]

In a book of his authorship, Admiral Sergio Huidobro Justiniano, who was very close to junta member Admiral José Toribio Merino, wrote, "The weapons found could have armed five battalions; they were mostly from Russia, Czechoslovakia or East Germany and had arrived in Chile by means of Cuba—a country that was paid with clothing, food and other items that were then scarce in Chile."[51]

That extremist clandestine army had been repeatedly denounced by opposition leaders between 1970 and 1973. Yet after passing the danger point after the coup, some of them judged that it was convenient to minimize that guerilla reality—especially when the time came to count the votes of the extreme Left desiring her return to power, and the truth of the situation began to "disappear." In fact, in the Rettig Report (1991), which had been commissioned by Aylwin, those kills sanctioned by the extreme Left were attributed to unspecified "violence of individuals acting out of political motives" and not on account of "heavily armed militias that constituted a real parallel army." In fact, in the final "official history," those militias of the Left ended up disappearing.

This fact was recorded in 2008 by historian Gonzalo Vial, who, seventeen years earlier (1991), was very strict in judging military repression and not very attentive to size the Marxist armed threat. But over time he reconsidered, retraced his steps, and wrote thus:

> The general secretary of the Socialist Party in 1973 (Carlos Altamirano), referring only to his party, in 1989 spoke of 1,500 militia men. But by the year 2003, he said that there were not even 150 men…and were thus insufficient to "attack a police station" and that they barely able to manage themselves or do well while "target shooting at the range" (he added). In 1989 the General Secretary of the Communist Party (Luis

Corvalán) had set his paramilitaries at 3,000 in 1973, then he reduced them to 1,500…and so on.[52]

Foreign Guerrilla Contingent

In summary, among the subversive and guerrilla forces of 1973 that the "politically correct" version of the story and the 1991 Rettig Report virtually made "disappear" are the following specifics, detailed by their respective denouncers:

1. Patricio Aylwin, in the aforementioned interview with NC News Service on September 24, 1973, denounced "armed militias with enormous military power available to the government, along with the collaboration of at least ten thousand foreigners who had arrived in this country and pretended or would have consummated a communist dictatorship."[53]
2. The special consultation committee for the security of the Organization of American States (OAS), formed by delegates from the United States, Bolivia, Colombia, Ecuador, Guatemala, Uruguay, and the Dominican Republic, which stated in its report, "In September 1973, the approximate number of foreigners who have illegally entered Chile may be estimated to have been between twelve and fifteen thousand individuals… After September 11th, through March, more than three thousand five hundred foreigners left Chile as asylum-seekers, refugees or from being expelled."[54]
3. Cuban general Patricio de la Guardia Font was tried and shot in his country. During the process, he was subjected to the following interrogation:

   Major Julio González Guithon: And what international missions, besides this one from Angola, had you fulfilled previously?

   Patricio de la Guardia Font: I was in Chile.

   Major Julio González Guithon: Were you decorated at that time for any reason?

> Patricio de la Guardia Font: I was awarded the Internationalist Medal in the First Degree, because I was in Chile heading troops [*tropas*] of the comrades, wherein after the *coup d'état* in Chile I carried out other special operations.
>
> *Tropas* is the name of a Cuban regiment.[55]

I keep a photocopy of the page where the previously reproduced dialogue is, and when I showed it to American historian James Whelan, he wanted to buy the book in Miami and did so, finding that the previously reproduced page had been deleted from the new edition.

4. Whelan wrote that in the office of Daniel Vergara, Allende's undersecretary of the interior, after the pronouncement, the military found a list of 14,085 foreigners smuggled into the country during the UP government.[56]

Relationship with Frei Montalva

The main civilian leader who had supported the military pronouncement was Eduardo Frei Montalva, president of the Senate, a legislative body that was not dissolved until September 20, 1973. Initially, Frei had a difficult relationship with the president of the junta, General Augusto Pinochet. In the first days after September 11, 1973, the latter had received a call from him but chose to ignore it.

When leaving the Te Deum held on September 18, 1973, in the National Gratitude Catholic Church, Frei left without saying goodbye to Pinochet, who felt snubbed and inquired about why Frei had had that attitude. He was told that it was due to the measures taken regarding Congress, including taking away the official car he got to use as president of the Senate.[57]

"Only in December 1973, in his own home," wrote historian Gonzalo Rojas Sánchez, "did Pinochet receive Eduardo Frei. Their conversation revolved around the future of Chile. The leader initiated the conversation by insisting that the country was in ruins, that it has

no way to pick itself up and, therefore, it is logical that they come and take drastic measures, because ‘great evils require great remedial measures.’ Frei, for his part, complained about the opportunism that some entrepreneurs would undertake on account of the situation, and argued that such artificial benefits would not happen under a democracy; Pinochet clarified that democracy would return once everything was consolidated, because he did not want to hand over government power only to see things return to the same catastrophe; then Frei questioned him for the duration of the rectification process: would it take five years? Pinochet’s undefined and curt response was that it could be five, ten, or even twenty years. Disgusted, Frei ended the meeting. In another opportunity (a few months later), he asked for an audience, Pinochet preferred to delay it.”[58]

Nevertheless, the DC officially supported the pronouncement, so much so that it kept transitorily expelled from its party the thirteen leaders who had issued statements disavowing the *coup*, which was contrary to the party line.[59]

The First Cabinet

The Left extremist armed threat was most visible and posed an immediate challenge for the junta. Nonetheless, it became relatively easy to control, albeit at an immediate and high cost to the armed forces and carabineros, as we shall see, even though that fact has been hidden. In any case, the cost they bore was puny in comparison to the one paid by the lives lost in the Marxist clandestine army.

But even Pinochet was not safe in his own house, as he recounted, “My home was attacked the same day (September 11, 1973) by people who, using the cover of darkness, shot from 150 to 200 meters away. Those attacks were repelled by the two security guards who were stationed there. On September 14, 1973, I was in a meeting at the Ministry of Defense, when General Benavides warned me that my house in Laura de Neves had been attacked with automatic weapons, destroying part of a crown molding and some glass. The shots had not been heard at first, only the click of the

bullets, because these Marxist brutes had fired from a short distance with weapons equipped with a silencer.

"The timely arrival of the troops, which General Benavides ordered and that covered the area, made the attackers flee and thus we avoided greater harm. From that moment on, my house and family were protected by military personnel that surrounded the entire block."[60]

After the combat of the first hours, and taking control of the territory in such a way that surprised foreign countries, in terms of its effectiveness and promptness, the new government had solidly taken power already on September 12. The cabinet was designated that would advise the executive branch: nine uniformed officers in active service, two retired ones, and two civilians.

Minister of the interior, Army general Óscar Bonilla; of foreign relations, Rear Admiral Ismael Huerta; of economics, Army general Rolando González; of the treasury, Rear Admiral Lorenzo Gotuzzo; of education, civilian José Navarro; of defense, Vice Admiral Patricio Carvajal; of public works, Air Force general Sergio Figueroa; of agriculture, Air Force colonel (R) Sergio Crespo; of lands, general of carabineros (R) Diego Barba; of work and social welfare, general of carabineros Mario MacKay; of health, medical colonel Alberto Spoerer; of mining, general of carabineros Arturo Yovane; of housing, Army general Arturo Viveros; and as general secretariat of the government, Army colonel Pedro Ewing.[61]

That first cabinet contained some curiosity too: General Gonzalez (minister of economics) was, on September 12, the minister of mining under the government of Salvador Allende. For him, the date meant merely a role change.[62]

That same day, September 12, began to circulate within the regime, i.e., the junta and its advisers, *The Brick* (*El Ladrillo*), as they called the set of plans that right-wing economists had prepared for the eventual government of Jorge Alessandri, if he were to have triumphed in the 1970 election. It was supplemented during the Popular Unity (1970–1973) with contributions by several Christian Democrat economists and was finally published by the Center for Public Studies (Centro de Estudios Públicos) in 1992.[63]

Roberto Kelly, a retired Navy officer who worked in the Edwards Group, pertaining to Agustín Edwards (owner of the *El Mercurio* newspaper), was very close to Admiral Merino. He should be considered as primarily responsible for the wide distribution of *El Ladrillo* right after the change in government. Next to him was Hernán Cubillos, another retired naval officer who, as a civilian, had become a confidant and right-hand man of Agustín Edwards.

Legitimacy of the New Government

At the beginning, the military government had a majority of—and ample—citizen support, although the passage of time and the intense international propaganda against it has made people forget just how much support it enjoyed.

In October 1973, the Bar Association reflected the internal majority opinion and directed a communication to its fellow organizations abroad, which was subsequently published in the *Law and Jurisprudence* magazine in the same month. It was signed by the president of the association, the most prominent Christian Democratic jurist of that time, Alejandro Silva Bascuñán, and he argued the following about the seizure of power by the armed forces and carabineros:

> Thus, in the judgment of the Bar Association, in the case of Chile, all the doctrinal conditions to consider the armed rebellion that deposed the previous Government as legitimate concur. And it is obvious that, as one author says, “if it is legitimate to depose an illegitimate authority, whoever replaces it through the legitimate exercise of the right of rebellion, must necessarily have a legitimate original title (which is subsequent to the rebellion)… It would be absurd if there existed a legitimate right of rebellion and yet the illegitimate authority could not be replaced, since the exercise of power cannot be abandoned.” In this sense, since the common good requires that the legal order must not remain for a long time without any legitimate authority, the title from which it has taken power will allow it to dictate an emergency or irregular legal norms from the point of view of its form, but

> which will have the validity or effectiveness of a normal legislation. Such is the situation that has been dictated and applied in Chile since the past September 11th.[64]

That is to say, if they were to follow historical-juridical rigor, those who today speak of “the dictatorship” would be more precise if they would allude to it as the “legitimate government” that governed us from 1973 onward.

The People’s Rights

After bando no. 1, which announced the end of the government of President Allende and the seizure of power by the military government junta, others were decreed because, at that time, the armed leftist extremist threat seemed to be the greatest, most urgent challenge. This predominant notion explains excesses that later proved difficult to justify.

The day after September 11, the most draconian bando was decreed, derived from the deaths registered until that moment at the hands of extremism. It was Decree No. 25, which in two of its provisions warned, “1. A deadline is hereby set for 3:00 p.m., Wednesday, September 12, for all those persons or groups that are involved in armed resistance against the new Chilean government to change their attitude and hand over their weapons to representatives of the Armed Forces and *Carabineros*. 2. All those people who insist on continuing their suicidal and irresponsible attitude indicated above will be subject to a definitive attack by personnel of the Armed Forces and *Carabineros*. Those who are taken prisoner will be shot on the spot.”

These draconian provisions lent themselves to excesses, forcing the government to issue Circular No. 1 of the junta *de Gobierno* in order to “dictate rules of conduct in the procedures undertaken by the Armed Forces and *Carabineros*. Santiago, January 7, 1974: Our stage in the government of the nation cannot and should not be characterized by inhumane acts that have to be hidden from the

citizenry and that only engender reactions of violence, hatred and revenge." It went on to state thus:

> 6.a. The attitude of the Armed Forces and *Carabineros* toward any Chilean or foreigner who is caught handling arms used in criminal acts against our troops, the civilian population or in acts of sabotage that affect our forces or the civilian population, must be oriented toward the annihilation in combat of these extremists or violent people, or by means of a speedy judicial process, if they have surrendered.
>
> 6.b. Those who are caught promoting subversion must be subject to trial and sanctioned in accordance with the quick procedures granted by military courts in time of war…
>
> 6.g. The concept of "hard handedness" does not authorize the use of procedures banished from civilization; the "hard hand" is rather a "fair hand," to better interpret the spirit of the governmental *Junta* in guiding the country…
>
> 8. This circular should be disseminated, read and explained to all commanding officers in the Armed Forces, *Carabineros* and investigative police (*PDI*), that must set forth the responsibilities, sanctions and penalties corresponding to any breach of the provisions that it contains.
>
> [Signed]
> Augusto Pinochet Ugarte,
> Army General,
> President of the governing *Junta*

Subsequently, on February 1, 1974, Confidential Circular No. 22, dated January 25, 1974, issued by the minister of the interior, was distributed in connection with the detention of persons. It expressed what follows in its relevant parts:

> A) Background: Decree No. 228 (December 24, 1973), published in the *Official Gazette* on January 3, 1974. Article 1 establishes that all powers conferred by Article 72, No. 17, third paragraph, of the political Constitution of the State to the President of the Republic by declaration of a state of siege, will be exercised by the governing *Junta* by means of

supreme decrees signed by the Interior Minister, with the formula “By order of the junta.”… Consequently, this ministry orders: 1) The detention of persons using the powers of the state of siege is solely and exclusively the prerogative of the military government *Junta*, exercised through the decrees of the Ministry of the Interior. 2) The detention of persons by the military justice system can only be carried out by virtue of an order issued by a competent court and in accordance with the legal norms in force. 3) No authority is authorized to make arrests outside of these provisions. The same applies to the military intelligence services of any institution, which must also submit to such regulations. What is stated above is without prejudice to compliance with orders issued by the competent authority and in cases where the criminal law authorizes detention with respect to persons caught committing flagrant crimes…6) The Ministry of Defense shall provide that all CAJSI [author’s note: commanders of justice and internal security areas] send a complete list of the persons who are detained to date, according to their constitutional rights, indicating the date they were arrested. This list must be sent to the Ministry of National Defense within ten days after receiving the instructions that the Ministry has, which will be sent through the national executive department of detainees (SENDET) to the Ministry of the Interior…(10). The Ministry of National Defense will issue the pertinent orders for the immediate fulfillment of these instructions. Greetings to all of you.

[Signed]
Oscar Bonilla Bradanovic,
Major General,
Minister of the Interior

This document was distributed to all uniformed units and civilian police in the country and thus serves to rebut the false but widely repeated mantra “The violation of human rights was a systematic and permanent policy of the military government.”

There were subsequent regulations at that time, which will be examined, that confirm the policy of protecting the rights of people during that regime rather than a “systematic abuse of human rights,” as the leftist refrain goes. In the Declaration of Principles of the government of Chile, the junta favored “a legal order respectful of human rights: a framework for the current government.”[65]

Some Bad Advertising

When things were happening in 1973, hardly anyone thought that the military was “trampling human rights” or “committing crimes against humanity,” because the fear of the extreme leftist threat was very great. That was why Patricio Aylwin said what follows (during the same first three months when eighteen hundred people died, of the total of just over three thousand fallen between 1973 and 1990):

> It is very easy to judge others who are fighting, while one is comfortably seated at his desk. I do not feel I have the moral authority to judge whether the measures have been excessive or not, because the truth is that…they have had many casualties and received the brunt of the action. I do not have a proper tally, yet I believe that there are more dead than has been stated, but at the same time I have another thing clear: that the version that has been given abroad is tremendously exaggerated. When there is talk of dead people floating in the Mapocho River. When one speaks of the hundreds of thousands or several tens of thousands of dead, wounded and prisoners, his figures are manifestly exaggerated.[66]

Support from the Christian Democrats was explicit, both in their September 12, 1973, statement, made by the board consisting of Aylwin, Osvaldo Olguín, and Eduardo Cerda, which had the purpose of “getting a general feeling for and determine the level of well-deserved patriotic cooperation in all sectors,”[67] along with the following minutes of session no. 29 of the governing junta: “In Santiago, the sixth day of November 1973, at 4:00 p.m., the junta

met in secret session." The first and most extensive point on the table was the following:

> The former parliamentarians, Mr. Juan de Dios Carmona, Juan Hamilton and Enrique Krauss, have been received and given an audience to provide general information regarding the impression they have been able to ascertain during their visit to Europe in relation to the latest events in the country.
>
> In their opinion, Rome has become the world center of propaganda against Chile and where the former ambassadors who would not return to the country were meeting. They determined that the Italian situation could not be resolved in less than four or five months, which might then have a significant impact on shipments and importations of products from Chile, especially in relation to copper.
>
> In summary, they considered that the intense campaign against Chile would be maintained at all costs in order to transform our situation into a Vietnam publicity disaster.[68]

An article entitled "The Christian Democratic Party and the Military Dictatorship," which appeared in the magazine *Chile-América*, issues 4 and 5 (1975), published in Rome by Chilean exiles, with a committee that included, among others, the former vice president of the republic and portended leader of the Christian Democratic Party, Bernardo Leighton, and former senator and socialist minister José Antonio Viera-Gallo, described it as follows:

> The document states that on September 14, 1973, at the home of Javier Lagarrigue, an intimate friend of Eduardo Frei Montalva, there was a meeting between the former President and his old friend, Major General Oscar Bonilla, who had become Minister of the Interior. Apart from Lagarrigue and the two named persons, only Christian Democrat Senator Juan de Dios Carmona, who had been Frei's Minister of Defense… Frei, said that the party would support the military *Junta* and it was agreed to send a letter to that effect immediately to the parties of the Christian Democratic World Union (UMDC). The

urgent departure of a Christian Democratic Party delegation abroad was also agreed upon.

The letter had just over five pages and an introduction that said: “In our co-correspondence last July we said that the government action of Salvador Allende had placed Chilean democracy between the sword and the wall (“el paredón”).” That is to say, “between a military solution, with all the associated risks that it entails, and a totalitarian dictatorship. I have affirmed that the great majority joyfully received and were relieved by the news of the overthrow of Allende,” and the official declaration of the Christian Democratic Party’s board of directors, released on September 12, 1973, underlining the phrase in which it was held that the purposes of the military *Junta* “getting a general feeling for and determine the level of well-deserved patriotic cooperation in all sectors.”

Yet at the same time, a minority of thirteen dissidents from the Christian Democratic Party, on the day after the declaration of the directors of the party on the twelfth, signed a statement condemning “categorically the overthrow of the constitutionally elected President of Chile.” They said, “We bow respectfully before the sacrifice of his own life made in defense of constitutional authority.” It had been drafted by Bernardo Leighton, who had also signed the agreement of the House of Representatives calling upon the armed forces and carabineros to “put an end to the existing situation.” No wonder he was known as Brother Bernardo—he always worked well with everyone!

One of the signatories, José Piñera Carvallo, withdrew his signature (it appears scratched out in the original), and another that initially did not want to sign, Radomiro Tomic, asked the next day to incorporate his signature. Representatives Marino Penna and Waldemar Carrasco[69] did likewise.

Original signatories of the dissident document were, then, Bernardo Leighton, Ignacio Palma, Renan Fuentealba, Sergio Saavedra, Claudio Huepe, Andrés Aylwin, Mariano Ruiz-Esquide,

Jorge Cash, Jorge Donoso, Belisario Velasco, Ignacio Balbontín, Florencio Ceballos, and Fernando Sanhueza ("the thirteen").

DC Delegation Abroad

The newspaper *El Metropolitano de Santiago* (*The Santiago Metropolitan*), during the brief period in which it was published and sought to gain a footing among "the big papers" in 2000, also reported the following:

> The magazine *Chile-America* indicated that on October 16, 1973, with the acquiescence of the military *Junta*, the Christian Democratic Party leaders, Enrique Krauss (representative), Juan de Dios Carmona and Juan Hamilton (senators) went on tour in Latin America and Europe to explain the reasons why the Christian Democratic Party had to support the military pronouncement.
>
> Subsequently, and separately, the president of the party, Senator Patricio Aylwin traveled to the Federal Republic of Germany to contact Christian Democratic leaders in that country.
>
> On another mission, Pedro Jesús Rodríguez, Minister of Justice [attorney general] under Frei, and Alejandro Silva Bascuñán, president of the bar association, both Christian Democrat activists, made up a delegation of jurists who took a 32-day tour of European countries in an effort destined to improve "the international image of the junta."[70]

What was the use of all this travel? The Christian Democratic Party would be able to verify that, in the world of 1973, the sun shone brighter on those comprising the opposition against the junta. The way everything was described only led people to become more adversarial to it, and it saw that the KGB's propaganda had dragged the entire world to that point of view. This fact generated a point of political inflection within Chile, which was detrimental to the junta.

The Legality of Exception

On September 11, 1973, Decrees No. 3 and No. 4 (dated September 18, 1973) had already established, respectively, that a state of siege existed throughout the country, and a state of emergency in the provinces. To that was added Decree No. 5 of September 22, 1973, which established that, for the purposes of the application of penalties or punishments, the state of siege should be understood as a "time of war." The decree on arms control was amended, and the jurisdiction of the military courts was expanded. Six months after September 11, 1973, the state of siege was renewed for a like period. Only after one year was the qualification "wartime" reduced to "internal defense."

In any case, armed struggle was a reality from the first day onward. This concern weighed heavily because of the fighting in the streets of downtown Santiago, where the junta worked. "Look," Pinochet said to Admiral Patricio Carvajal, the new minister of defense, in a radio broadcast on the morning of the eleventh, "it makes sense to issue a proclamation over the radio that a state of siege exists. Consequently, marauding or other groups will not be tolerated; people must remain in their homes, lest they find themselves in big trouble and may be injured at a time when there will not be enough blood donors to save them."[71]

Therefore, the situation in the streets was controlled, but dangerous, where on September 11 alone, as previously indicated, 30 uniformed men had fallen dead and 18 others had been wounded by extremist fire. However, the military response to extremist attacks was harsh. Between September 11, 1973, and December 31, 1973, 1,522 people were killed under fire from the armed forces and those maintaining order, while 301 were said to be victims of "political violence," a euphemism that the commissions formed by Aylwin invented after 1990: the National Commission of Truth and Reconciliation and the National Commission of Reparation and Reconciliation. Their political bias was evident (more in the case of the former than the latter) when describing those who fell under extremist gunfire.

That is, 1,823 people fell between September 11, 1973, and December 31, 1973, which represented 57 percent of all victims registered during 1973–1990. Moreover, during those first 93 days of the military revolution, the government's action had the political support of the Right entirely, along with the main leaders of the Christian Democratic Party, led by Frei and Aylwin, as well as from the Radical Democratic Party and the Radical Left Party, headed by Luis Bossay, who split off from the Popular Unity.[72]

In the early days, Pinochet "did not hesitate not to sleep for two nights in a row, because the preoccupation of combat demanded it."[73] Yet over the years, it has unexpectedly turned out that the best synthesis and most approximate to the reality of the real consequences of the armed struggle that took place in 1973 was given by General Augusto Pinochet himself in an interview with *Ercilla* magazine (issue dated May 13, 1974, to May 19, 1974), page 12: "'The battle lasted for practically four hours,' with a death toll that, after six months, had reached 1,600 victims, 'About two hundred of which belong to us.'"

After 1990, the aforementioned national commissions, formed by the government of Patricio Aylwin, reached similar conclusions, as we have just seen.

Nevertheless, in the rest of the world, and in Chile itself, the impression was that there was a much larger number of victims. I remember that, while serving as a parliamentarian, in the days immediately following the eleventh, an Australian journalist asked me for an interview. He came over to my house and asked me briefly how many deaths there were. I replied that I had no idea, but that there was a lot of exchange of fire. Not satisfied with my answer, he asked me for a figure for the number of fallen, and in attempting to answer his request, I told him that I estimated the number to be around thirteen thousand. I do not know why I came up with that figure. But the Australian was extremely irritated and assured me that they were more than a hundred thousand. Almost immediately, he left my house annoyed. I suppose that he transmitted the figure of one hundred thousand to his country of origin, when the truth was that, at that time and as has been known later, it probably did not

exceed one thousand, according to data from the commissions formed in 1990.

Chile's Image Abroad

American Colonel Patrick Ryan, a member of his country's naval mission here in Chile between 1972 and 1976, wrote in November of 1976 an article entitled "El Chile de Allende y los Mil Días Perdidos" ("Allende's Chile and the Lost Thousand Days"), in which he stated thus:

> For ten years, the United States fought against communism in Vietnam, a country located some 7,000 miles off the coast of California, with a tragic loss of 55,000 North American lives, six times more than the previous number of wounded, without taking into account the tremendous cost of 150 billion dollars… We lost the war!
>
> On the other hand, the Republic of Chile, located in our hemisphere, fought against communism in the backyard of the United States, without the help of the B-52, of the 7th Fleet and without the visit of Bob Hope. No American finger pulled M-16 triggers, no hideous parade of coffins wrapped in the American flag was sent by air daily from Santiago de Chile to be buried in the United States. What is more, without our help and without feeling-overwhelmed with our tactics of 'calculated response,' the Chileans defeated communism.
>
> The United States government has not applauded this brilliant defeat of communism, but, unbelievably, our Senate and Congress, through the Kennedy Amendment to the Foreign Assistance Act, have ended all military aid to the new anticommunist government of Chile. Why?

The rightist *London Times* newspaper also brainwashed its readers with respect to Chile. The same Lieutenant Colonel Ryan was, in one case, a victim of it, and he refers to us thusly:

> Of personal interest for the author was an article of the *Times* of London (27 October 1973), written by Godfrey Hodgson and William Shaweron, who noted: "In the planning of the

> *coup d'état* Admiral José Toribio Merino maintained personal contact with Lieutenant Colonel Patrick J. Ryan, of the Marine Corps of the North American Naval Mission in Valparaiso, Chile. Although I found the story about my daily personal contact with Admiral Merino very flattering, I also found that it was very false! During the eight months preceding the coup, my desk calendar reveals only two appointments with Admiral Merino and refer to strictly mundane matters. These appointments were typical contacts vice-admiral to lieutenant colonel. He spoke and I listened and immediately carried out his orders. The report of the *London Times* about my duties to contact Merino in reference to the coup was absolutely false and typified the misinformation and "fabricated" facts that were disseminated in relation to the *coup* in Chile.[74]

Newsweek Invents Corpses

On October 8, 1973, the American magazine *Newsweek* published the most caustic and false report of all the media in that country—the work of journalist John Barnes. That article did enormous damage to Chile, because it served as the basis for Senator Kennedy to approve the ban on selling us arms. Entitled "Slaughterhouse in Santiago," the article by Barnes claimed that the junta had disposed of 2,796 *Santiaguinos* (people from Santiago), who he claimed to have seen in the morgue during the time of the coup.

What actually happened must be repeated again: The Truth and Reconciliation Commission (1991) and the Reparations and Reconciliation Commission (1992) managed to prove that between September 11, 1973, and December 31, 1973, throughout the country, not just in Santiago, 1,823 people died; 1,522 of them died at the hands of the armed forces and carabineros, and 301 due to what, treating the Left's terrorism with kid gloves, those commissions euphemistically called "victims of political violence" or "individuals working for political purposes," whose deaths have always errantly also been blamed on the junta.

The Art of Disinformation

An American commentary article, written by Lloyd Billingsley, appeared on FrontPageMagazine.com on Tuesday, January 24, 2006, about a book published in the United States entitled *The World Was Going in Our Way: The KGB and the Battle for the Third World* (Basic Books). It refers to the revelations that sprang from the archives of Soviet intelligence officer Vasili Mitrokin, smuggled to the West in 1992. He states thus:

> The volume also highlights that, in 1976, the *New York Times* published 66 articles on human rights abuses in Chile and only four on Cambodia, where the Khmer Rouge killed 1.5 million people out of the total population of 7.5 million. The authors do not find an adequate explanation for this "extraordinary discrepancy," but there is one: the KGB disinformation specialists did their job well and found many on the American Left willing to believe them.

The bulk of the disinformation campaign about Chile in the world was carried out by the Soviet Union. In the German publication *Deutschland Magazine* of February 3, 1978, his messenger to Chile, Kurt Ziesel, wrote an article entitled "Moscow Invests 200 Million Dollars in Lies about Chile," adding that the military government could not possibly spend enough to counteract the respective lies. Ziesel stated that he obtained his information, according to the publication, from agents of the Soviet KGB. Ziesel added this:

> Recently, the methods used for this purpose were discovered. The military government arrested and convicted 125 members of that very secret service, along with numerous state officials for serving as agents for Eastern powers. Night after night they burst into homes, dragged numerous individuals into the street, beat them, tortured and murdered them. Yet the very next morning, Moscow broadcasting provided antecedents regarding these aggressions—supposedly carried out by the military—adding in each case exact data of place, time and names of the ones

sacrificed. The agents had notified Moscow of their crimes by radio.

Already during the Second World War, Brezhnev carried out similar actions in the Ukraine, where the Soviet agents, dressed in German uniforms, terrorized the population with assassinations and torture in order to transform them into guerrillas against the German forces.

The real scandal is that the Western media are, in part, voluntary and, in part, involuntary, accomplices of such Moscow-bred machinations. Thus, the magazine *Stern* described the pronouncement against Allende, made in September 1973, as a sacrifice: “2,000 corpses were floating on the Mapocho river that runs through Santiago.” In reality, the Mapocho River does not carry much of any water in September, or at most a stream of a few centimeters deep, because snow melting up in the Andes has yet to have begun. However, this horror story was unscrupulously accepted by many media and is still being disseminated.

The correspondent for the magazine *Stern*, Heno Buss, frequented for a long time the director of the German airline Lufthansa, in Santiago. One day, when he appeared again at the Lufthansa offices, the secretary asked him to leave. As he asked the reason for that attitude, he was shown an article written by him in the magazine *Stern*, which was full of slander. Buss extracted the original manuscript just as he had sent it to the magazine. His article had been transformed by the writing into something negative. “Freedom of the press” in the style of Nannen & Co.

In Santiago, the administrator of the hotel where I was staying, who was from Vienna and surnamed Kulka, told me the following anecdote, which had happened to him himself: one year after the pronouncement against Allende he was visiting in Vienna and he met his former schoolmate, now Austrian Federal Chancellor, Bruno Kreisky. He reproached the Chancellor that the Austrian Social Democratic Party (SPO) and the Western media were spreading the most atrocious lies against Chile. In view of that, Kreisky took a

> photograph of his desk. In this one was a huge square with many trees. A corpse hung from each tree. “This is how your military regime was installed,” said Kreisky triumphantly. Kulka observed the photo and, moving the head, said: ‘This photograph shows Plaza Vergara in Viña del Mar, a seaside town located 122 kilometers west-northwest of Santiago. In the background you can see the Hotel O’Higgins. During and after the pronouncement I was the administrator of that hotel. Every day I passed, at least five times, through that square with its trees. Your photo is a photo montage, a very bad fake with which you let yourself be deceived. Embarrassed, Kreisky put the photograph back in the drawer of his desk.”

The Department D of the KGB

Misinformation is a totalitarian art. It was practiced by national socialism in Germany, under Hitler through Goebbels, who maintained that “a lie repeated a thousand times ends up appearing as truth.”

The Soviet secret service, the KGB, had a Department D for *Desinformatsiya* (disinformation), destined to fabricate lies around the world in order to favor communism. On one occasion they came to fake an edition of *Newsweek* magazine that came out in 1963 to be distributed in Asia and Africa. An article about John Kennedy had been completely replaced by another opposing one, supporting Soviet interests. The writer, Alvaro Pineda de Castro, stated thus:

> The disclosure was made by Laszlo Szabo before the US Senate, after leaving his position as Civil Attaché at the Hungarian Embassy, and he added that the plans were made by the North American journalist Noel Field. This character was featured along with Alger Hiss in the famous trial for espionage and subversive activities that followed the Senate committee on anti-American activities, in which he was sentenced for perjury to several years in prison, in 1948, and in which former President Richard Nixon had the role of principal accuser.[75]

Misinformation takes on multiple forms, and even the most serious newsroom is infiltrated by it. Historian Paul Johnson wrote, as noted in this book's prologue, that the propaganda machine of the USSR succeeded in demonizing Pinochet among the talking elites of the world, which was the KGB's last triumph before it vanished into the dustbin of history. This gigantic propaganda task of international communism was quite significant, because it predisposed world public opinion against the junta, creating an image of great yet nonexistent bloodshed.

For example, the prestigious English magazine *The Economist* published an article favorable to the pronouncement immediately after September 11, 1973. Yet the following week it had already completely reversed itself, after being stoned by the leftist world's criticism, turning into an insidious acid of the same vitriol, dragged along by a wave originated in Moscow.

Even a critical historian of the military government in the field of human rights, such as Gonzalo Vial, has acknowledged that "the campaign of the USSR cooperated decisively with the international ostracism of the military regime and, as a supplement, to fix without remedy the image of Pinochet as an *ogresca* [Editor's Note: A distortion of the Spanish word *ogro*, a man-eating European giant or ogre]."[76]

During the sixteen and one-half years of the Chilean military revolution, there was total divergence between the thinking of the foreigners resident in Chile—of different nationalities—that overwhelmingly favored the junta, with the predominant public opinion in their respective countries, which had been flooded by antijunta propaganda.

The Internal Reality

In Santiago, in fact, on September 11, 1973, control of the city was achieved in a few hours. There were only isolated skirmishes in peripheral populations, including some university campuses damaged by extremist activity and a few factories seized by the Popular Unity. There was an exchange of fire with snipers downtown, who were stationed in state buildings. Such was the case with the

Entel Tower, whose rifle fire had to be silenced with artillery, or Indumet Industries, where one carabinero, posthumously promoted to the rank of warrant officer, Fabriciano González Urzúa, fell under extremist fire (as mentioned earlier). In his memory, from then on, the noncommissioned officer school (*Escuela de Suboficiales*) of that police corps was christened with his name.

Concepción and Talcahuano were brought under control without firing a shot. Extremists detained in those cities were taken to Quiriquina Island (near the mouth of Concepción's harbor). Neither in Valparaiso were there any important confrontations, and detained extremists were taken to the Silva Palma barracks and to the Steamer Lebu, which was on standby and ready to transfer them. In Punta Arenas, the detainees from the deep south were sent to Dawson Island (located on the Strait of Magellan, southwest of Punta Arenas), where the most important prisoners from the central zone had also been confined.

In the magazine *Qué Pasa* published on September 27, 1973, Pinochet stated, "The junta works as a single entity; I was elected president for being the oldest; it's really because the Army is the oldest institution…but it is not only I who will be Chairman of the Board; after a time it will be Admiral Merino, then General Leigh and so on; I am a man without ambition, I do not want to appear as the holder of power… Regarding the way the junta operates, it works in a collegial manner, given that the problems we are facing in these first days have a unique character." His statement would eventually be overtaken by evidence of his own leadership and ambition.

Nobody hid the fact that there had been considerable exchanges of gunfire. One of the first bandos had warned that anyone who used weapons against uniformed personnel would be executed on the spot. Such situations were frequent in those days. In particular, I remember the body of one extremist killed on a balcony on the fifth or sixth floor of one of CORFO's buildings, which was located one block from *El Mercurio*'s office, where I used to go every day. That man had stayed close to his weapon for about a week, until the new authorities took control of the institution and that site.

But the world does not know either that the Chilean military was not completely blindsided by the armed Left, for they had learned

about extremist preparations. Here is what Admiral Sergio Huidobro Justiniano tells us in his book *Naval Decision*:

> The intelligence services of the Armed Forces had detected all the sources of violence. They knew their ciphers, communication systems and their links. They knew, for example, that they—the Armed Forces and the *Carabineros*—were only one week ahead of a Marxist coup that would proclaim the People's Republic of Chile and eliminate six thousand officers, politicians, journalists, professionals and union leaders, as indicated in Plan Z of the *Unidad Popular*. In Concepción, the radio of the university (an extremist center) transmitted 24 hours a day, and within each melody a message was embedded. In Santiago, the *miristas* [members of the MIR] had to listen to Radio Nacional; the Socialists, the Corporation; those of MAPU tuned into La Candelaria. Everyone knew what to expect. If the "maternal center" *Laura Allende of La Legua* called a meeting in the usual place, it meant that the *compañeros* [leftist guerillas] of the population had to go and retrieve their weapons from the place where they were hidden.[77]

Government Intelligence Service

The Directorate of National Intelligence (DINA) has been marked by its detractors—and, increasingly, by its "repentant" former supporters—as being responsible for committing almost all the "human rights abuses" attributed to the military government. Nevertheless, that assignment of blame cannot hold up to historical scrutiny, principally because most of the loss of life in the conflict occurred before the DINA existed.

The aforementioned commissions formed after 1990 to investigate the issue of human rights abuses—the National Truth and Reconciliation Commission or Rettig Commission, and the subsequent and complementary National Commission for Reparation and Reconciliation—concluded that 56 percent of the deaths between 1973 and 1990 occurred between September 11, 1973, and December 31, 1973. Yet the DINA did not exist at that

time, because not until the middle of November 1973 was Lieutenant Colonel Manuel Contreras summoned to study how to establish an intelligence agency for the new government that would be different from those already active in the branches of Chilean defense and police forces. Thus, it was not created until the middle of 1974.

On November 12, 1973, he had just presented some general guidelines to the high authorities of the government, and the existing intelligence services, about how he conceived such a future service would be. Of course, it is true that from that moment began what was called the DINA Commission. However, it was only when Decree No. 521 was issued, dated June 18, 1974, that the DINA was born. Its director was the recently promoted colonel Manuel Contreras.

The Economic Crisis

On the one hand, efforts to combat guerrilla extremists and restore law and order were the most urgent objective, even though the country had sufficient weapons to confront it and was doing so successfully. On the other hand, the economic circumstances fomented by Allende's socialist revolution had reached a critical point and the country had run out of resources to confront it. The president himself had said, shortly before falling, that flour reserves would only last for "a few more days" and that the shortage of resources and reserves was widespread throughout the sphere of public access.[78]

In the distribution of responsibilities among the members of the junta, the direction of the economic affairs of the government fell to Admiral Merino. General Pinochet was in charge of political and military matters, General Leigh of social and cultural affairs, and General Mendoza of agricultural and state-owned land issues.

As destiny had it, Merino had been previously preoccupied about how to deal with the economic catastrophe provoked by the Popular Unity. In the memoirs of retired naval officer Roberto Kelly, a key man within the military government, whose role has not been adequately considered, a conversation he had with Merino in 1972 relates the following: "I remember Merino's response was very assertive: If we move now, we will become responsible for this irreparable chaos and will not avoid them blaming us for this

situation. Because, if the truth be known, we do not have any alternative program that could be used to save the country. In addition, with existing world propaganda favoring the government, we cannot run the risk of venturing alone into an unknown path."

When asked for his reaction to this statement by historian and author of Kelly's biography Patricia Arancibia, he responded with thus:

> It's that Merino was right. Nothing would be gained by striking a blow if it was not first clear where the country would go in the future, especially in economic matters. I pointed out then that you had to get down to work in earnest and come up with a plan that would show that there was a way out and at an appropriate time. He answered, "Bring it to me." I returned to Santiago with the feeling that I had taken on a huge responsibility.

What course of action followed?

> I met privately with Emilio Sanfuentes, who in my opinion was the right person to assemble equipment and accomplish the task entrusted. He was one of the economists of the Cesec [author's note: Center of Socio-Economic Studies of the Edwards Group] and was part of the group of Hernán (Cubillos) within *El Mercurio*.

Then he was asked, "How did you approach Sanfuentes?"

> I told him about my conversation with Merino and asked him: How long it would take to have an economic and social plan in hand to move the country forward? He replied "thirty days," which seemed like a too short period. At that time, I did not know that there was already an outline of an economic plan that had been put together by some economists to bolster the candidacy of Alessandri (in 1970). However, he had not considered it and, thus, could serve as a basis for elaborating a plan that what would later be known as *The Brick*.[79]

The Brick

The correct version of the historical origins of *El Ladrillo* (*The Brick*) is as follows, placing it before the time of the Popular Unity regime, coming from opponents of the military government:

> Initially the general lines were drawn by Emilio Sanfuentes, Sergio de Castro, Pablo Baraona, Manuel Cruzat and Sergio Undurraga. At the beginning of 1973, the team was extended and Juan Braun, Rodrigo Mujica, Álvaro Bardón, Juan Carlos Méndez, Juan Villarzú, José Luis Zabala and Andrés Sanfuentes were added. As of March 1973, meetings were usually being held once a week in the evening, at 286 Suecia Street. As time went by, the periodicity increased and more people joined in preparing the documents: José Luis Federici, Ernesto Silva, Enrique Tassara, and Julio Vildósola.
>
> On more than one occasion Jaime Guzmán participated in the meetings… Sergio de Castro was the principal designer of the dense document that would later be known as *El Ladrillo*. He was the eldest of the group's economists and also the most listened to. In fact, it was he, along with Sergio Undurraga, who refined the details and finished the final draft of the document that the Navy received… The final, unsigned document was typed on photocopy paper at the offices that Undurraga had on Nataniel Cox Street. *El Ladrillo* had 189 pages.[80]

Twenty years later, in June 1992, a 193-page edition of *El Ladrillo*, with a prologue by Sergio de Castro, was published by the Center for Public Studies (Centro de Estudios Públicos) in Santiago.

The Plan Delivered in Ninety Days

Kelly cautiously pledged to Merino that the plan would be delivered to him in ninety days. Among the group of economists who prepared it, recalls Kelly, "was Sergio de Castro, Pablo Baraona, Alvaro Bardón, Sergio Undurraga, José Luis Zavala, Juan Villarzú, Manuel Cruzat, Juan Braun, Andrés Sanfuentes and, of course, Emilio

(Sanfuentes). Together with them, believing that they were doing a research project, some outstanding recent college graduates worked."[81]

Merino also called his friend Kelly for something else the same day, September 11, 1973, and said peremptorily, "Bring me names." Along with that, he was appointed minister of the National Office of Planning (ODEPLAN), the existence of which Kelly confessed to not having known, having had to look up the address in the telephone directory. To take charge, he requested a proper credential from the minister of defense, Admiral Patricio Carvajal, after which he took charge of the respective dependencies and settled into the office previously occupied by Spanish extremist Joan Garcés, Allende's intellectual mentor.[82]

What was a young Spanish ideologist doing in the National Planning Office?

The key man that Kelly used in his task of "looking for names" would be Emilio Sanfuentes, a sociologist with a master's degree in economics from the University of Chicago, who also worked for the Edwards Group at its Center for Socioeconomic Studies (CESEC). With him he compiled a list of names and gave it to Merino.

As a result, on the morning of the fourteenth, a military vehicle went to notify Sergio de Castro at his home that at four o'clock in the afternoon he must report to the office of Admiral Merino at the Ministry of Defense. He went there, and after he had sat for two hours in the waiting room, a naval officer received him and said, "You are going to be an advisor to the Minister of Economics, General Rolando González," and left. Moments later, General González appeared, with a copy of *El Ladrillo* under his arm, and made an appointment with his adviser for the next day at his office.[83]

When he went to the ministry, González met with other economists: Pablo Baraona, Álvaro Bardón, Juan Braun, and Tomás Lackington. When meeting the minister, they realized that there was no agreement between what he believed should be done in economic matters and what they thought. The natural approach of uniformed personnel was intervention, while the specialists placed greater urgency on reducing planning and allowing the price level to

fluctuate freely, thus putting an end to hoarding and shortages. The minister feared the consequences that inflation would bring on the populace. This sort of discrepancy was constant during the early days of their meetings.

Admiral Merino realized it and, likely urged by free market sympathizer Kelly, thought to designate a civilian as minister of economics. This action was taken in an unpredictable manner. A pro-Christian Democrat civil engineer named Raúl Sáez, former Minister of Finance under Frei Montalva, had returned to the country, eager to help the junta, just like almost all Christian Democrats by that time. The junta summoned him, but he quickly realized that, as an engineer, he did not handle innovative concepts with the same ease as the young economists did. Admiral Merino received Sáez in his office. Outside, awaited a hearing another engineer, Fernando Léniz Cerda, general manager of *El Mercurio*, who had come to intercede on behalf of one of the newspapers of his firm, *Las Últimas Noticias*, which had suffered closure.

Admiral Merino told Sáez that what was needed was a minister of economics who was in line with the new team of young graduates from the University of Chicago. Sáez told him, “But you already have him waiting for you out there!” having seen Léniz as he passed by. Then, when Sáez left, the admiral offered Léniz the post, and he accepted it. That is how the story is written, because Léniz was neither a Chicago Boy nor an economist, but rather a civil engineer.

He had once been a man of the Left, but his enormous intelligence told him that the new tendencies were the future, and he tuned himself perfectly to the *El Ladrillo* team. With time he would become the best spokesman for the new economic ideals, given his ability to explain to the people, over the television and with simple words, the new solutions.[84]

Kelly continued to recruit people and called Orlando Sáenz, president of manufacturing entrepreneurs, and Sergio Undurraga, an economist trained in Chicago. The former ended up being economic adviser to the Foreign Ministry, and the latter did not delay in becoming head of the research division of the National Planning Office (Odeplan), where Ernesto Silva Bafalluy, Juan Carlos Méndez, Arsenio Molina, and Miguel Kast, who occupied the role national

representative director of National Planning Office. All, except Sáenz, were Chicago Boys.

At the initiative of Kast, “specialists Alvaro Bardón, Sergio de la Cuadra, Ernesto Fontaine, Hernán García Vidal, María Teresa Infante, Sergio Molina Silva, Eladio Suzaeta, Álvaro Donoso, Joaquín Cortez and, later, Pedro Arriagada, would work for Odeplán, along with Hernán Büchi, Patricia Matte, Martín Costabal, Julio Dittborn, Cristián Larroulet, Joaquín Lavín and many more.”[85]

The struggle over letting the market determine prices freely was finally settled by Decree No. 522 on October 15, 1973, which ended price controls on thousands of products and reduced those still controlled to thirty-three. Eighteen others were “watch-listed”—that is, any price increase for them had to be communicated to the authorities. The prices of all other goods were left free. This resulted in inflation manifesting itself in full force. The uniformed men were greatly disturbed by this fact. Indeed, the generals inclined to the Christian Democrats, and interventionist policies manifested their discomfort.

An important factor inducing the junta to adopt a free market economics model was the Brazilian miracle achieved after 1964. A severe economic crisis was averted as military rulers implemented a similarly free market policy. Indeed, Brazil’s economy grew at 9.3 percent in 1968, 9.0 percent in 1969, 9.5 percent in 1970, 11.3 percent in 1971, and 10.4 percent in 1972. The model utilized there by Minister Roberto Campos was very successful and convincing.[86]

Immediate International Emergencies

Jorge López Bain, former minister of mining of the military government, has written thus:

> The embargoes on copper exports and claims against the state of Chile for expropriations without compensation, policies for which the country was still reeling after having been implemented by the Popular Unity, had to be resolved in order to avoid serious problems with foreign trade… The junta appointed two prominent engineers, Raul Sáez and

> Jorge Schneider, to negotiate conflicts with countries and companies that had sued Chile… International Telegraph & Telephone (ITT), owner of the Chilean telephone company, was one. Its assets had been nationalized by the government of the Popular Unity without any compensation. ITT had sued the state of Chile in international court…a settlement was reached between the parties and the state of Chile extended an offer of US$25,000,000 for ITT (the equivalent amount in 2012 would have been US$220,000,000). However, to everyone's surprise, once having received the payment, ITT announced that the money would be returned to the government of Chile in its entirety… Of course, the money would have a specific purpose. It would be destined to create an institution whose sole objective would be to undertake research and technological transfer… This is how *Fundación Chile* was born…[87]

The Founding of the Advisory Committee

The advisory committee, Roberto Kelly recalls in his memoirs, was created on October 4, 1973, as an organism of the governing junta. It was then transformed, by force of fact, into the advisory committee of the chairman of the junta, its first boss being Colonel Julio Canessa.

> In the army they took the cream of the crop of officers to take them to the Advisory Committee—Kelly continued. Luis Danús, for example, was newly appointed as Director of the Military School. Another member I remember was General Horacio Toro Iturra, who was appointed a long time later by President Aylwin as Director of Investigations. It is (now) clear that this man quarreled (later) with Pinochet. They also included Gastón Frez, Bruno Siebert and Enrique Seguel and there were two ex-soldiers who at some point formed part of that committee as civilians: James Locke and Víctor Muñoz."[88]

But only on May 24, 1974, under Decree No. 460, was legal life given to the committee. The importance of this event was that it satisfied Pinochet's pruritus (sever itch) to always have an alternative counterweight to the libertarian policies posed by economists. Almost invariably inclined toward these, which, neither more nor less, were what led to the economic success of the military government, eluding the statist and interventionist temptations that the committee always favored. But he always wanted to maintain this uniformed personnel counterweight of an elevated status (*coturno*) very close to him, even if it was merely to be listened to and then ignored. In return, all its members eventually landed in high government jobs.

The discrepancy between the military sentiment and the economists in the face of the crisis became more acute and conflictive when a decision on the exchange rate had to be adopted. The previous government kept it at 25 escudos per dollar for the bulk of foreign trade, but the parallel (unofficial market) dollar was worth 2,000 escudos, which had dropped since the change of government, because before it had surpassed 3,000 escudos.

Together with the finance minister, Admiral Gotuzzo, General Eduardo Cano, president of the Central Bank, proposed—along with his vice president, Captain Enrique Seguel, an economist, and José Luis Zabala, Christian Democrat and economist (but still a Chicago Boy) of the bank's research department—to devalue the currency to 285 escudos per dollar, that is, by 11.4 times in relation to the pre-existing official parity of 25 escudos.

Merino accepted the recommendation reluctantly, lowering the figure to 280 escudos. On September 27, 1973, the Central Bank adopted the agreement.

However, the advisory committee of the junta, constituted by uniformed personnel, was hardly sympathetic with such free market policies. From both military and university spheres, a man who was critical of free market measures and devaluation proposed by economists had arisen: lawyer and professor of financial law at the University of Chile, retired Army officer Hugo Araneda Dörr. While he was endowed with eloquence, he suffered from limited knowledge of economic theory based on the freedom of choice.

Due to the importance of the exchange-rate agreement, its application was suspended pending ratification by the junta. The advisory committee became more critical of the drastic, liberal measures.

The president and the junta in plenary session received on Wednesday, October 2, 1973, the two discordant tendencies—the advisory committee and the Chicago Boys—and heard debate from their respective exponents: Hugo Araneda for the critics of devaluation, defending instead a system of multiple changes and a gradual devaluation, and Sergio de Castro, representative in favor of free market ideas, which led to the policy that devalued the escudo to 280 to the dollar, as had been already resolved.

Someone had to decide, and he did. Obviously, it was Pinochet. An interesting interpretation came from adversaries of the military revolution, Víctor Osorio and Iván Cabezas: “Initially, more due to tactical calculation than personal conviction, Pinochet adopted the neoliberal vision. His alliance with the men of Chicago would place him in a position of evident strategic advantage against his immediate or potential rivals within the Armed Forces, who in general lacked an alternative program and who, besides that, would find themselves unarmed against the arguments of the economists.”[89]

Cutting the Economic Gordian Knot

During the next meeting of the junta with the economic team, General Pinochet offered a word to Admiral Merino, who stated the below:

> Look Admiral Gotuzzo, you have been deceived, we have all been deceived; when we made the decision to devalue, nobody told us that the price of wheat and therefore the price of bread would rise so much, and that many more things would happen. This is intolerable and has created a problem for us. The military *Junta* cannot be raising prices by, I do not know, how many times. They are going to accuse us of starving the people.
>
> De Castro tried to respond, but General Pinochet stopped him and gave the floor to lawyer Araneda, who spoke for half

> an hour, with more harshness than the admiral, and expounded upon his reservations, the military, and many citizens in the face of the devaluation. The exhibition of Araneda impressed the junta. General Pinochet was silent. Suddenly Admiral Merino hit the table with great force and said: Mr. Admiral Gotuzzo, I order you to stop this devaluation. Let's back down!

The dice were thrown, but it is on those occasions when exceptional men emerge, wherever there are: Admiral Gotuzzo stood up straight. Standing firm in his position, he said, "Almirante, I am not going to back off the devaluation, because I believe in good conscience that the decision was very well taken." After these words —said slowly so that everyone would take note of the seriousness of the moment—he sat down calmly. There was an even longer silence and an exchange of surprised glances. Everyone appreciated the unusual fact that Rear Admiral Gotuzzo refused to receive an order from his commander in chief, although they did understand that Gotuzzo was acting in this case as a minister of the treasury.

> General Pinochet broke the silence and with a semi-smile (he said): "Decisions cannot be made with hot heads. Let's have a coffee." Araneda, the lawyer, who was proposed to replace General Gonzalez as Minister of Economics, told General Pinochet that he would not be willing to accept the position if the devaluation persisted. Pinochet responded, "It's fine. Stop pondering about it."[90]

Years later, in the 1980s, Hugo Araneda and I being members of the Fourth Legislative Commission (Army) of the junta, in a conversation he told me, "In 1973 I was about to be in charge of managing the economy—reaching the point of nearly being appointed minister—when the Chicago Boys came out of nowhere, perhaps from under the table, and remained in charge."

I am sure it was for the good of the country that Admiral Gotuzzo's defense of the devaluation, which ended up being the knife that cut the Gordian knot, was made the determined course—even though he ran the risk of losing his position and ruining his career. He

deserved that a street behind the Ministry of Finance was named after him. Nevertheless, leftist hatred has abounded so much that the socialist mayor of Santiago, Carolina Tohá, changed its name in 2015.

In spite of all this wrangling, the meeting with the junta resumed and Sergio de Castro made an exposition with academic references defending the devaluation. He noted that Araneda's proposal, to maintain three distinct exchange rates, was nothing other than to maintain a system of multiple exchange rates that had already failed beforehand.

At the suggestion of General Leigh, it was resolved that the matter be commented on by Raúl Sáez, engineer and former minister of finance under Frei Montalva (1964–1970). He was one of the "nine wise men" who participated in President Kennedy's program of the Alliance for Progress. It had already been seen that after meeting with the latter, once he arrived with Admiral Merino, the appointment of Fernando Léniz as economy minister was raised, and it was clear that he broadly agreed with the authors of *El Ladrillo*.

Thus, in the end, the devaluation held firm and the economic leadership was no longer in doubt. From then on the Chilean economy was permanently bound to be a free market, with the most statist and central planning tendencies being defeated. Moreover, the advisory committee of the junta, with its predominance of officers who were critical of the way the economy was being handled, limited itself to ruminating their discontent in silence.

That action cut the Gordian knot that could have prevented the great modernizing change of the Chilean economy beginning in 1973.

I had defended the Chicago Boys on different fronts, particularly in *El Mercurio*, in Radio Agriculture and Radio Mining, and in national television. On one occasion, in 1974, I was summoned by the advisory committee and duly beaten up with its members' most critical opinions. I absorbed the punishment without giving up my positions and was dismissed with dryness. Yet twenty years later, a man who had a voice on the committee, retired general Gaston Frez —with whom I had made friends and who had appointed me an honorary member from the Círculo de Oficiales en Retiro—

apologized for the way he had mistreated me, which I had by then completely forgotten.

The Pro-Peace Committee

In November 1973, prelates of the Catholic Church, headed by Cardinal Archbishop Raúl Silva Henríquez, founded the Ecumenical Committee for Cooperation in Peace in Chile, better known as the Pro-Peace Committee.

In the face of the illegal arms stockpiling during the Popular Unity government, the bishops had not come up with the idea of advocating peace and founding a committee in favor of peace. It would have been very useful. But when the military government was called by the parliamentary democratic majority to confront the leftist guerrilla army, it occurred to them to do so—and to harbor the latter! It was one of the effects in the Catholic Church that resulted from the KGB's effective global propaganda campaign.

Monsignor Silva Henríquez had a definite political position: he was a left Christian Democrat who had been played by Frei Montalva in 1964, whom he had criticized for not carrying out more serious agrarian reforms. "I was looking for a moderately left society with profound changes, following a DC / UP understanding," he said, according to historian Gonzalo Vial.[91]

The Pro-Peace Committee lasted until 1975, when Pinochet asked the cardinal to dissolve it, on threat of dissolving it himself. "Send your request in writing," Silva Henríquez told him. Pinochet did so, and it was dissolved and replaced by the Vicariate of Solidarity (Vicaría de la Solidaridad), which was overseen by the Catholic Church. This new body was ultimately much worse for the military government because it ended up being the logistical arm (judicial defense and hospital care) for MIR and FPMR guerillas, as would be shown years later.

Political Alignment of the Bishops

The episcopate, like any Chilean collegial entity, could be neatly divided according to its political tendencies. In 1973, there were the

prelates tending to be center leftists, headed by Silva Henríquez, Carlos Camus from Linares (secretary of the standing committee); aides Fernando Ariztía, Jorge Hourton, and Enrique Alvear from Santiago; Carlos González from Talca; Sergio Contreras from Temuco; and Tomás González from Punta Arenas.

The most inclined to favor the military government were Emilio Tagle from Valparaíso, Orozimbo Fuenzalida from Los Angeles, Juan Francisco Fresno from La Serena, the provost chancellor of the Catholic University in Santiago, Jorge Medina, and the retired bishop from Chiloé who had retired into a home for nuns but was still opinionated and respected, Augusto Salinas. But the party line was always stated by the Episcopal Conference and was negative—at least every time it addressed the issue of human rights.

Other Dissident Influences

Engineer Orlando Saenz Rojas, who had been president of the Society of Industrial Development, after September 11, served in the economic section of the Ministry of Foreign Affairs and, after he left this position, went on to be publicly and constantly critical of the initiatives to establish a free market economy. In his memoir, *Privileged Witness*, he asserts that "Merino was never a major character" and that Pinochet favored a centrally planned economy.

But in a letter to *El Mercurio* printed on November 21, 2016, economist Tomás Lackington Hunter, deputy minister of Odeplán between 1973 and 1975, denied the latter assertion and stated that "in a meeting attended by the Board of Governors in full, Sergio de Castro, Jorge Cauas, Roberto Kelly and Fernando Léniz, among others, I personally expressed the dangers of adopting a centrally planned model. From then on, the alternative was never discussed and General Augusto Pinochet also adhered to the social market economy model."

Within the Ministry of Economics itself, it became evident that its head, Army general Rolando González, "has points of view that are quite different from those that are contained in *El Ladrillo*: his tendency is statist and he tends to badly influence the president and the junta. As some of his measures were feared to have serious

consequences, the junta called Raúl Sáez. This one suggested a change in the ministry, proposing Fernando Léniz (we have already seen how his appointment was determined), whose name had already been in the consideration of the junta member following a comment he made in *La Segunda* [a national evening newspaper related to *El Mercurio*]."[92]

Revelation of the State of the Public Treasury

Before the end of September 1973, economist Sergio Undurraga was called by Admiral Gotuzzo to be appointed budget director. Yet prior to the Undurraga interview, he received a visit from the ex-minister of finance under Frei Montalva, Sergio Molina Silva, who had just returned from a position abroad. Gotuzzo offered him the undersecretary of finance post, but Molina said that, as a former minister, it was not fitting for him to accept a lower position. They talked about the budget director job, and Molina suggested the name of Christian Democrat economist Juan Villarzú. The admiral expressed his agreement. When Undurraga later entered his office, the admiral explained to him that he had thought of offering him the budget director post but that he had already decided to name Villarzú. He then asked Undurraga to work as his personal adviser, which the economist accepted. This fact would end up being very important.

Soon the adviser was devoted to preparing a report on the state of the Public Treasury. He left the text of the speech-ready report on the desk of the minister, who saw it for the first time shortly before announcing it to the public over radio and television.

There he stated that fiscal spending increased from 22,117 million escudos in 1970 to 277,922 million escudos by June 30, 1973—an increase of almost thirteen times! The fiscal deficit went from 2,882 million escudos to 148,434 million escudos, representing 52.8 percent of total expenditure. It had increased more than fifty-one times!

The deficit of the public enterprises of the so-called social area was in 1973 greater than that of the budget itself, since it had reached 175,809 million escudos by June 30, 1973. In 1972 it had

been 21,872 million. Public finances were a vortex made up of deficit.

The monetary situation revealed that the total money supply had increased by 114 percent in 1971, 172 percent in 1972, and 477 percent by the end of 1973. At the same time, production increased by 8.5 percent in 1971, 0 percent in 1972, and would decline by 10 percent in 1973. Many more escudo bills plus less things equal inflation and scarcity.

This led the minister to tell the country, “According to the estimates made by the economists and other professionals of the previous regime, the situation for 1973 was so serious that the difference between the growth of production and the growth of escudos printed meant that economic collapse was inevitable.”

Regrettable Episodes

What perhaps contributed most to the deterioration of the internal and world image of the junta in general, and of Pinochet in particular, first outside of the country and then inside it, was the falsified version of the actions of the so-called Caravan of Death. This untruthful, tall tale was presented as an activity conceived for the purpose of murdering people without prior trial and without justification. All the horrid account was charged to Pinochet, who happened to know nothing about what the Caravan was doing.

The importance of the publicity surrounding the Caravan case was paramount, but the most generalized account of what happened is still a distortion of the truth. Yet from it were derived the most serious consequences for the military government and its president’s image. The late, and thus illegal, trial itself (past the statute of limitations) initiated against him by the investigative minister Juan Guzmán Tapia twenty-five years later, in 1998, after Senator Pinochet’s judicial abduction in London, was based on a novelistic and false version of the task of the Caravan. Nonetheless, it had a huge legal, political, and journalistic importance, even though it was at odds with the truth.

In 1998, as a journalist and lawyer, I dedicated myself to study the process, as a result of which I published a book called *La Verdad del*

Juicio a Pinochet (*The Truth about the Trial Faced by Pinochet*, El Roble Press, Santiago, 2001), which became a best-seller, and it was based on pieces of the file, in which I demonstrated the complete lack of legal basis for the prosecution of the former president.

The son of the head of the *Caravana*, lawyer Sergio Arellano Iturriaga, who provided me with information about the process, wrote, in turn, the book *De Conspiraciones y Justicia* (*Of Conspiracies and Justice*, La Gironda Publishers, Santiago, 2004), where he also highlighted the irregularities of the same process initiated by Minister Guzmán.

What was the historical truth? It was that in the early days after the pronouncement, numerous people suspected of extremism were arrested throughout the country and were transitorily—without being given the right to a trial—held in prisons and barracks. Their relatives crowded around these installations in different parts of the country. The area chiefs, endowed with judicial powers by the junta as commanders of the area of jurisdiction and internal security, CAJSIS, in fact had neither the capacity nor the determination to organize and develop all the judicial procedures of wartime with respect to the detainees.

In turn, General Arellano, with a great ascendancy in the Army, was critical of different government policies, even economic ones. That fact probably led General Pinochet to entrust him with a mission, as his delegate, to normalize and expedite the situation of pending proceedings pertaining to the thousands of temporary prisoners being held in barracks in different parts of the country.

The Mission of Arellano's Delegation

Arellano had been one of the main meeting promoters of the institutional high command, along with better coordination with the other branches, to decide on actions against the chaotic state that the nation lived with under the Popular Unity.

His political persuasion was Christian Democrat, and from the beginning he expressed disagreements in matters of economic policy and the way in which repression against armed extremism was being exercised. It is probable that in both aspects he

represented an obstacle for the plans of economic reform and the fight against subversion that Pinochet considered, at that time, more effective. Hence, given the importance of his person, putting him in charge of such a specific and crucial mission, which required him to travel throughout the country instead of being based in the capital, along with expressing critical positions, it might have been a good idea. It avoided signs of internal dissension on issues that Arellano pointed out, including his criticism of the returning of companies to their owners and normalizing banking.[93]

At the same time, problems considered by the courts during wartime or under war councils were serious, because the armed forces and carabineros had undertaken a policy of preventive detention of thousands of people, whose relatives went to installations and barracks throughout the country that served as apparent depositaries of authority after the revolution, in order to know the fate of their relatives. These agglomerations of people did not help the junta's image. Yet the indiscriminate release of detainees could have proven deleterious with respect to the main goal of defeating the armed extremists. The solution was then to accelerate the war councils, such that the innocent were freed, and the guilty condemned, after undergoing a procedure that guaranteed their right to counsel and defense.

In the words of Arellano, his mission was "to travel to several cities of the country, in order to fulfill coordination tasks requiring institutional criteria, internal government organization and judicial procedures." He added that, "fundamentally, the main concern was that all the defendants had adequate defense and that they (had recourse) to the bar associations located in those cities if they existed, in order to charge them with this responsibility," as stated in my book *La Verdad del Juicio a Pinochet* (*The Truth about the Trial Faced by Pinochet*), cited earlier, page 4.

Much later, in 1991, even the Rettig Report recognized, despite its obvious bias against the military government, that in the case of Arellano's delegation, "there was no talk of executions without trial; moreover, the message of the traveling delegate contained an express and repeated reference to facilitate the right of defense for the accused."[94]

The trip to the south of this procession began on September 30, 1973, and ended on October 4 with his return to Santiago, and no situation that occurred on that trip caused substantiated accusations that affected General Arellano, except for a complaint rendered after death sentences were carried out in Valdivia on October 3–4, 1973. He had no relationship with those executions, having been issued by the war council that worked in the area.

The Trip North

The "black legend" was fabricated during the delegation's trip north and gave rise to a best-selling book by journalist Patricia Verdugo, entitled *Los zarpazos del puma* (*The Cougar's Strikes*), alluding to the brand (Puma) of (French-built) helicopter in which Arellano flew. This book is full of falsehoods aimed at incriminating Arellano and, indirectly, Pinochet, given Arellano's capacity as Pinochet's representative.[95]

The shootings in the north attributed to Arellano took place in La Serena, Antofagasta, and Calama, without his knowledge. The book also tried to link him with the deaths during an escape attempt by prisoners who were transferred from Copiapó to La Serena, which had occurred prior to his helicopter taking off from Santiago.

The general also carried orders to La Serena for three death sentences dictated by the commander of the Santiago garrison, on which La Serena depended. He had assumed that the shots he heard in the regiment of that city while he was meeting with its commander, Colonel Ariosto Lapostolle, corresponded to carrying out those sentences. Only much later did he learn that fifteen people had been executed without trial, taken from the local jail by order of a commander of his entourage acting on his own.

Similarly, the retinue having arrived in Antofagasta, while Arellano lodged in the house of the commander of the regiment and the garrison, General Joaquín Lagos Osorio, without the knowledge of either one, the same previous commander, who had been recently integrated to his entourage, with some members of the same group being complicit and conniving with officers of the local regiment,

ordered fourteen people removed from the local jail. They were shot in the Quebrada de El Guay.

Finally, while Arellano was visiting the Dupont explosives plant near Calama, for the third time the same commander ordered the removal of twenty-six prisoners from the regiment's barracks, where a war council was being held, and took them to a place near in the desert where he proceeded to have them shot.

Arellano learned of all this only on his return to Calama and, in great consternation, ordered the delegation to fly back to Antofagasta, at night, at great risk, to place the responsible commander at General Lagos Osorio's disposal. But Lagos Osorio refused to proceed against the commander, announced his retirement from the Army, and later, in the 1990s, he dedicated himself to accusing General Arellano of ordering the illegal executions. But he himself had published in the northern newspapers in October 1973, just days after the events, an advertisement wherein he attributed the killings to orders of the governing junta, which was also ostensibly false. Due to his contradictory statements and demonstrated inability to face the situation, his retirement was processed in 1974.

The main basis of the international accusations against Pinochet, highlighting that he committed unjustifiable crimes during his administration, is the deaths attributed to General Arellano's command—deaths for which neither the latter nor the president of the junta could have been held responsible, and of which neither one had prior knowledge.

Taking advantage politically of the 1998 imprisonment in London of the former president, a judicial process was opened based on one of the communist's lawsuits filed against him, substantiated by the investigative minister Juan Guzmán Tapia, who achieved worldwide notoriety thanks to this effort and obtained previously from international myths promoted by the Left. However, his judicial resolutions were more "politically correct" ones than legal ones, and more obedient to the global "What will people say about us?" fear than to the truth of the facts and what the law said, and they thus remain as historical paradigms of an undue process.

The falsification was particularly evident in the case of thirteen executions resulting from attempted escape that occurred in Copiapó. The best-seller *Los Zarpazos del Puma*, well covered by Guzmán Tapia in his spurious tales and quoted in his evidence, contained on page 150 an indefensible contradiction. It details first an account from the office of the commander of the local regiment, dated October 16, 1973, to the administrator of the cemetery, inquiring about "facilities to be used for the burial of the following individuals who died in an escape attempt," followed by the list of names. Then, with a date one day later, October 17, 1973, the book reproduced the report of Captain Patricio Díaz Araneda, noting that at 01:00 hours on the same day, thirteen people were executed—after having attempted escape while being transferred on truck under his command, numbered PAM 5354.

They would have been killed the day after the commander of the regiment requested thirteen graves for them! Thus, it was a failed attempt to attribute responsibility for those executions to General Arellano's delegation, who arrived on October 16, 1973, at 11 o'clock in Copiapó, *after* they had already taken place the night before.[96] (Translator's Note: In other words, October 17, 1973, was put in the captain's report solely to blame Arellano.)

Notwithstanding this evidence, even after the year 2000 and forty years after the pronouncement, in 2013, TV channels CHV and 13 aired documentaries ("Echoes of the Desert" and "Secrets of History," respectively) incriminating Arellano's entourage for those executions in Copiapó, which took place before he had left Santiago. Those falsehoods were repeated to condemn the military government by columnists Jorge Correa Sutil of *El Mercurio* and Ricardo Solari of *La Segunda*.

Mainstream-related history deals with extreme superficiality and based on it calls for seething condemnations of the military regime. They do so without any serious documentation, using the case of Arellano's entourage. Historian Carlos Huneeus wrote the following paragraph describing the task of the Arellano delegation:

> The officers of the caravan, going over the heads of their regional commanders, and sometimes without their

> knowledge, executed 72 such prisoners, many of whom had since disappeared. When these facts were known, an attempt was made to justify the deaths under the pretext of attempted escape or some attack against the military, situations that have been proven false, since they were taken from their places of detention and then shot or stabbed by members of the military, the entourage or by officers or soldiers of their respective military units.[97]

He does not make the slightest concession to the fact of General Arellano's lack of knowledge of the events, who had headed the delegation and, therefore, the ignorance of President Pinochet regarding what was happening.

Anyone who examines the Caravan case process or reads my book, which was based on pieces from that process, or that of Sergio Arellano's son, will, of course, be able to verify the innocence of the junta's president and the leader of the entourage during the time that the deaths in Copiapó, La Serena, Antofagasta, and Calama occurred. But the unfounded accusations have since been paste over historical truth worldwide, declaring that those events *were Pinochet's crimes*.

Creation of the Conara

By means of Decree No. 212 of December 17, 1973, the National Commission for Administrative Reform (Conara) was created, which was chaired by Colonel Julio Canessa for six years, who headed the advisory committee. Later, in the 1980s, the then-general Canessa had reached the rank of deputy commander in chief of the army, and in that capacity he was a member of the governing junta.

That organization functioned until 1983 and was responsible for dividing the country into twelve regions, each headed by a regional governor. It also established that a dedicated amount (5 percent) of government revenues would go to the regions and thus promoted administrative decentralization.

The Legality of the junta

On November 12, 1973, Decree No. 128 clarified the meaning and scope of article 1 of Decree No. 1, in that it stated that the junta had assumed the "supreme command of the nation," noting that this meant "the exercise of all the powers of the persons and organisms that make up the legislative and executive powers and, consequently, the constituent power that corresponds to them."

This document, the legal basis of the exercise of the power by the junta, established that it had assumed power since September 11, 1973, "the exercise of the constitutional, legislative and executive powers" and affirmed that the "judicial branch shall exercise its functions in the manner and with the independence and powers indicated in the state's political Constitution." It also indicated that the legal system contained in the "Constitution and the laws of the republic would continue in force until modified."

Moreover, it provided that said constitutional and legislative powers would be exercised "by decrees undersigned by all *Junta* members and, when deemed convenient, with those of the respective minister or ministers involved," and the executive power "by supreme decrees and resolutions, in accordance with the provisions of Decree No. 9."

The text of the draft of this decree was previously submitted to the Ortúzar Commission, where a debate about its reference to the constituent power arose. Commissioner Silva Bascuñán argued that such a distinction was inappropriate because the national order was in a "process of deconstitutionalization of constitutional standards, which have become just as valid as ordinary laws."

Intervention of the Universities

The eight universities of the country were, in fact, centers of opposition to the new government. There were some, such as the State Technical University of Punta Arenas, "which had mostly Marxist teachers and staff."[98] The educational theme had been from the beginning placed in the hands of junta member General Gustavo Leigh. The minister of education was Admiral Hugo Castro.

When these men addressed the university problem, they realized that “the rectors are sending a master plan through the head of the University of Chile, Edgardo Boeninger.” They proposed a new formula for university administration, with them taking the lead. The president asked the new minister to let the rectors know that this approach was unacceptable. The junta and the minister attended to the six men who were exercising those positions, and Pinochet told them that he did not agree with the proposal they made. That decision generated their resignations.

> That is why a few days later, on October 2, 1973, the system of delegated rectors for all the universities in the country was institutionalized, and their powers assigned. On October 29, 1973, those who held those positions were appointed, dissolving the university cloisters and other collegiate bodies that had been contemplated by the governing system of the University of Chile.[99]

Pinochet did not know much about universities, but with respect to political power, they had nothing to teach him. If a delegated rector wavered in his stance, he would be replaced, after being sent an affectionate thank-you letter. Such was the case with the first rector (delegate) at the University of Chile, Aviation general César Ruiz Danyau.

Problems with the Roman Catholic Church

By September 14, 1973, the military government had already received an admonition from the episcopal conference of the Catholic Church, in which it pleaded for what follows:

> Moderation against the vanquished. Let there be no unnecessary reprisals. Take into account the sincere idealism that inspired many of those who have been defeated. Let hatred end, let a time of reconciliation come. Trusting in the patriotism and disinterest that have been expressed by those who have taken on the difficult task of restoring the institutional order and the economic life of the country, so gravely altered, we ask the Chileans, given the current

> circumstances, to cooperate in carrying out this task, and above all, with humility and fervor, we ask God to help them. The sanity and patriotism of Chileans, together with the tradition of democracy and humanism of our armed forces will allow Chile to return very soon to institutional normality as promised by the members of the governing *Junta* themselves, and to restart peacefully the path of progress.[100]

Cardinal Silva Henríquez himself considered that the junta had described this document as hostile but clearly it was not.

More contention occurred when the junta, through the military vicar, Monsignor Gillmore, asked the cardinal, on September 18, 1973, to celebrate a Te Deum of thanksgiving at the military academy. The cardinal replied that he would do a ceremony at the cathedral, not to give thanks, but rather to "pray for the fatherland." Finally, the junta, for security reasons, resolved that the ceremony of September 18, 1973, would be held at the National Gratitude Church, where it was effectively carried out.

Among the former presidents of the republic, there were discussions about whether to attend or not. The most determined to go was González Videla. His spouse, Mrs. Mitty Markmann, "recalled that that day, early in the morning, Jorge Alessandri called González Videla and said: 'Listen Gabriel, Eduardo Frei says we should not go to *Te Deum*.' Gabriel González, openly a supporter of the military intervention, replied: 'Jorge, we have to defend the *coup* because what would have become of the country had it not happened?' Then Jorge told him: 'Eduardo has convinced me that we should not go.' Finally, González Videla convinced them both and all three of them attended."[101] Monsignor Emilio Tagle, archbishop of Valparaíso, also came in support of the junta and publicly declared thus:

> Reconciliation is an indispensable task for us, since Marxism produced the bankruptcy and the deepest division in Chilean history. It set class struggle as a principle, sowed hatred and violence not only through implacable indoctrination, but it armed some Chileans to crush other ones. It violated rights and the rule of law, with the country marching toward ideological domination and dictatorship. Against them rose

> the voices of the highest representative bodies of the nation. A national outcry was heard, which was also expressed by [the Virgin] Mary in fervent prayers to the Lord.

Yet as he warned, the fall of those responsible for the crime of harming the fatherland

> did not mean that peace was fully achieved: centers of aggression remained, which constituted a real danger to national security, coupled with the support of an external conspiracy that was unleashed against us. The government then had to establish severe restrictions. This attitude of aggression constituted the greatest obstacle to reconciliation, caused enormous damage to the country and postponed the return to full normality of national life.[102]

Later, there was a statement by Pope Paul VI that the president and the junta considered very unfavorable. Pinochet was grieved, and the cardinal himself pointed out that the image that the Holy Father had formed "was not what we wanted him to have of Chile."[103]

Nonetheless, it was necessary to consider the cost to the pontiff of not being critical of the junta, which was understandable, given the international climate averse to it promoted by the KGB. The best example of that fear of devastating leftist criticism had been *The Economist*'s betrayal after having first published a benevolent article in favor of the military government.

Tomic Offers to Join the Government

The left wing of the Christian Democrats had distanced itself from its main figures, Frei and Aylwin, who had defended the action of the military. But not all the left wing thought the same way. As Leighton criticized Frei for his opinions, in an exchange of letters with the latter, he energetically replayed a surprising revelation, made on December 23, 1973, from Radomiro Tomic, the main left-wing figure among the Christian Democrats and former presidential candidate of the party during the 1970 elections. He had addressed a letter to

General Gustavo Leigh offering to join the military government if it decided to undertake “a revolutionary program.”

On the one hand, the issue of human rights did not seem to matter at all. At that point, more than half of all those killed by the military between 1973 and 1990 (i.e., over 1,800) had died. And Tomic expressed the following to Leigh, referring to the situation in the country:

> You define it—and it is impossible not to share that view—as an unhealthy and already intolerable expression of the moral, institutional deterioration developed over many years and governments, of which the UP was not the origin but the final expression. All this as a consequence of the vices noted in his [recent] speech: the corrosive effect of the appetite for power, at any price, by groups and individuals; of sectarian and voracious partisanship; of excessive ideology; of contempt for solid virtues, such as confidence in one’s own effort, work and discipline; of the alienating imitation of foreign models.

He then expressed to Leigh that the Christian Democrats have been “committed from their founding to finding a substitute for capitalism; clear-minded adherents of finding a substitute for the old order; reluctant participants in the traditional partisan game, it stands ready for an authentic revolutionary program ‘wherein’ it might be integrated.” This letter was from Frei to Leighton, complaining that Frei was criticized for defending the military while not bringing up Tomic’s offer to collaborate with them.[104]

On the other hand, the Christian Democrats assumed functions in the government authorized by the leadership of their party. Aylwin states thus in his memoirs:

> Consistent with these criteria (“the Christian democrats must cooperate so that the policies…adopted are rational, fair”) the party’s directorate felt that the party members who were called to perform public functions by the new authorities should not deny their collaboration. We left this decision to the conscience of each individual, with the clear

understanding that their participation would be in a personal capacity and would not compromise the substance of the party. But we believe that, in the case of political offices, such as ministers and undersecretaries, no active member could accept them without permission from the party's authorities.

The first was lawyer Gonzalo Prieto, who two or three days after the *coup* phoned me asking for authorization to accept the Ministry of Justice post; I gave it to him, thinking that his action would be beneficial to ensure the validity of the law observance and would not compromise the party for he was a public official within the naval justice system. Just as with him, I remember that I later authorized several other party members who asked permission to occupy various public positions; but others did so without consulting us.[105]

Commission for a New Constitution

In November 1973, an investigative commission was set up to draw up a new Constitution, presided over by Enrique Ortúzar Escobar, former government minister under Jorge Alessandri (1958–1964) and author of the first draft of the agreement of the House of Representatives in August 22, 1973 (and the man who came up with the idea of making it effective).

He presided over the commission, into which were also integrated the lawyers Sergio Diez, Gustavo Lorca, Alejandro Silva Bascuñán, Enrique Evans de la Cuadra, and Jorge Ovalle Quiroz. Its members came from different political backgrounds: the National Party, the Christian Democratic Party, and the Radical Democratic Party. He also benefitted from the initial participation of Pedro Jesús Rodríguez, the minister of justice under former president Frei Montalva (1964–1970), who would later pass away prematurely.

The commission issued its first memorandum in November, advancing that it proposed to postulate a democratic-liberal regime, with proscription of the Marxist left-wing segments, and reinforcement of the presidential regime: a bicameral Congress generated by universal suffrage. Yet it also imbued the president of the republic with the power to dissolve the House of Representatives

and call for a new election and strengthened guarantees of fundamental individual rights.

The integration of the commission would suffer changes after the departure of Evans, Silva Bascuñán, and Ovalle, which led to the incorporation of professors Luz Bulnes and Raúl Bertelsen, former Christian democratic senator Juan de Dios Carmona, and lawyer Alicia Romo Román.[106]

Annual Economic Balance

The budget figures at the end of the year (1973) were not encouraging. Chile was suffering the consequences of a triple-economic catastrophe: the disaster caused by the policies of the Popular Unity, a fall in the price of copper (main export) and the rise in oil prices (main import) generated by the collusion of the Organization of Petroleum Exporting Countries (OPEC), which had caused a tremor worldwide.

Copper, as just said, was the main export of the country, and oil was its main import. The gross domestic product fell by 5.6 percent that year. The consumer price index had risen by 508.1 percent, which was not a real figure, since the Popular Unity's policy had been to consider that the products that had stopped selling in the formal market due to shortages maintain their prices fixed for many months in the index's sample but in practice could only be acquired on the black market at ten (or more) times higher prices. The reality manifested itself in mid-1974, when consumer prices rose, in twelve months, over 1,000 percent.

The investment rate (gross formation of fixed capital) was 14.7 percent that year. The fiscal budget deficit was equivalent to 24.7 percent of GDP. The deficit of public enterprises, whether confiscated or usurped, was even greater.

In short, the negative trade balance (i.e., exports minus imports) was 138.3 million dollars. The deficit of the current account of the balance of payments (which includes the commercial balance sheet plus services, interest receipts, and credits granted) was 294.6 million dollars. The balance of payments capital account ran a

surplus of 354 million dollars. The balance figure of the balance of payments was negative, by –21 million dollars.

The gross international reserves of the Central Bank were 167,400,000 dollars (of that year) at the end of the year, having increased from the 75,800,000 dollars that it had ascended to in 1972.[107] The country had already fallen behind on the payment of its external debt of 3,261 million dollars. Nonetheless, the unemployment rate in Greater Santiago was only 4.6 percent.[108]

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[2] Translator's Note: Although the topic is debated in scholarly circles, it is somewhat odd that Chilean communists ignored the fact that fascism is a leftist doctrine with far greater similarities to its cousin, communism, especially its totalitarian form, than to market capitalism. "Mussolini defined fascism as being a left-wing collectivistic ideology in opposition to socialism, liberalism, democracy and individualism. He said [so] in *The Political and Social Doctrine of Fascism*" (Source: McGill University, Canada; retrieved from https://www.cs.mcgill.ca/~rwest/wikispeedia/wpcd/wp/f/Fascism.htm on July 18, 2018). Both Marxism and fascism feature violence and violation of human rights based on ideology as essential creeds. Both feature the rampant use of proactive public policies aimed at changing people's behavior and way of thinking, as well as redistributing wealth and altering control of the means of production, along with confiscating or undermining private property. The military government rose to power specifically to confront the abuses caused by leftist doctrines and policies.

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About the Author

Born in Santiago, Chile, in 1936, Hermógenes Pérez de Arce studied at Saint George's College (Holy Cross Congregation), then went to law school (lawyer in 1958) and did postgraduate degree in economy and finance at the University of Chile. Hermógenes is married, with four sons and fourteen grandsons. He was an editorial writer and columnist of *El Mercurio* in Santiago from 1962 to 2008, except between 1977 and 1981, when he was editor in chief of *La Segunda*. He was cofounder of *Qué Pasa* weekly magazine (1971) and did radio comments on politics and the economy in Radio Agricultura and Radio Minería in the seventies. He was elected congressman for Santiago in 1973, under the National Party. A teacher in Catholic, Finis Terrae, and Los Andes Universities until 2009, Hermógenes was also a member of the Organic Laws Commission and of the IV Legislative Commission between 1984 and 1989. He was defeated as candidate to the Senate in 1989 by the actual president of Chile, Sebastián Piñera, and has since written fifteen books on political and sociological matters, among them an autobiography and a novel. Since 2010, Hermógenes Pérez de Arce has been maintaining a blog, blogdehermogenes.blogstop.com, until today.

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5 Website of the *Carabineros* (Chile), cited in Pérez de Arce, *Terapia para Cerebros Lavados*, 251.
6 *El Mercurio* (Santiago), March 22, 2007, C10.
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2 Vial Correa, *Pinochet*, 2:591.
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4 Arancibia Clavel, *Carlos F. Cáceres*, 13.
5 Presidential File No. 004952 (September 18, 1993).
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8 Speech before the convention of the British Conservative Party, cited in *Economía y Sociedad I* (Santiago), April–June 2018, 27.
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0 Minister Sergio Muñoz, writing in *La Tercera*, October 7, 2005, 6.
1 Insert from *La Nación*, 5.
2 *El Mercurio*, December 25, 2005.
3 *La Tercera*, September 25, 2005.

4 *El Sur* (Concepción), April 25, 1982.
5 Note that the press itself that had cried scandal over the supposed US$28 million had already reduced the figure to US$17 million.
6 *El Mercurio* (Santiago), May 9, 2006.
7 On September 21, 1973, he reported having US$118,000 in cash, real estate, and personal property. See *El Mercurio*, September 6, 2004, C5.
8 Budget legislation 2001: off-budget items of the presidency of the republic.
9 Published in *La Segunda*, December 15, 2006, 15.
0 Details found in *El Mercurio* (Santiago), October 20, 2007, C15.
1 *El Mercurio* (Santiago), April 26, 2008, A10.
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3 *La Segunda*, October 31, 2006, 9.
4 He was the member of the court of appeals of Santiago, Carlos Cerda Fernández.
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Chapter 2

1974: A Year in Which the junta Settled Down and Relaxed

Judicial Inquiry into the Chilean Air Force

During the first months of 1974 culminated the so-called “Chilean Air Force inquiries,” which looked into subversive actions within that branch of the military, which seemed to have been the most penetrated by conspiracies initiated by the extreme Left—even more than the Navy. Prior to September 11, 1973, the Navy had initiated judicial processes that for many years affected extreme left-wing leaders accused of promoting acts of insubordination between seafarers and noncommissioned officers.

In the Air Force, the subversive commitment turned out to be deeper and more extensive than in the Navy. A sharp Christian Democratic journalist, Ricardo Boizard, writing under the pseudonym Picotón, published a book in 1974 that had wide repercussions. *Inquiry into Betrayal* (*Proceso a una Traición: Detalles Íntimos de un Sumario de la FACH*) dealt with the judicial processes within the Chilean Air Force, based on thousands of pages of incidents.

Reproduced widely in that text were the statements sworn before the military court by committed officers, such as Commander Ernesto Galaz, Captain Raúl Vergara, and General Alberto Bachelet, who had been in charge of the distribution area of the Allende government, the same bureau in which Captain Vergara also worked. The center of the conspiracy was located in the vice president’s office at the Banco del Estado (the State bank), which was headed by socialist lawyer Carlos Lazo Frías.

In their statements during the inquiry, Galaz and Bachelet denied even knowing Lazo, but testimonies of bank staff members, such as Gustavo Eduardo Ibarra, Lazo’s secretary, Patricia Leiva (who had worked there for ten years), Matilde Bravo and Luis Rubén Acuña, all

made clear that there were regular meetings in Lazo's office with a Cuban group, as well as others attended by socialist parliamentarians: Adonis Sepúlveda, Eric Schnake, Ariel Ulloa, Carlos Altamirano, and Clodomiro Almeyda, with the occasional participation of the communist deputy Director of the police of investigations, Carlos Toro.

The respective war council found abundant and extensive movements of funds by Lazo in collusion with other uniformed and political comrades through their offices. In the end, the complete plan was discovered, down to its minutest detail, especially with respect to the agreement with the MIR (the [violent] revolutionary leftist movement) to prepare for the coming takeover of the Air Force's main bases. As an anecdotal documentary detail, it was revealed in the process that a copy of the controverted Plan Z, intended to facilitate full seizure of power by the Popular Unity (described in the preceding chapter) was found in the office of General Bachelet.

The latter man, being imprisoned in a public jail and processed as an inmate, suffered a heart attack while playing basketball, a sport that he had been advised to avoid on account of his cardiac condition. His cause of death was affirmed by former Socialist senator Eric Schnake, imprisoned alongside him, during an interview with the *Qué Pasa* weekly magazine on November 26, 2006. Notwithstanding this fact, prevailing leftist Chilean "justice" in the twenty-first century transformed the cause of Bachelet's death into "murder as a result of torture."

Commander Galaz and Captain Vergara were initially condemned to death by the war council of the Chilean Air Force, but later the sentences were commuted to temporary exile, and they traveled abroad. During the first government of Michelle Bachelet (2006–2010), both aviators were extensively rehabilitated and compensated, and Raúl Vergara served as deputy secretary of the Air Force throughout that period.

The complete reading of the statements of those engaged in the conspiracy against the Chilean Air Force leaves one with the impression of there being quite anarchic purposes, but by no means less violent. If they had succeeded, the lives of many troops would have been lost, including noncommissioned officers and Air Force

officers, not to mention the civilian combatants that the MIR promised to contribute.

The Backing of the Christian Democrats

Starting in 1974, the junta continued to enjoy extensive domestic support. At the beginning of the year, its president received important backing from the main political party, the Christian Democrats, and considerable counsel on its behalf.

Such dealings were evinced by an eleven-page letter, dated January 1974 and signed by the then party president, former senator Patricio Aylwin. As published in *La Tercera* on July 4, 1999, page 6, he informed the junta of "the willingness of the Christian Democrats to cooperate loyally with the military administration." The letter was also signed by a former first vice president of the Christian Democrats, Osvaldo Olguín, and continued as follows:

> We write this letter after long ponderance, driven solely by what we believe to be a patriotic duty of loyal cooperation.
>
> We want to offer frankly to the government, in a private but official way, the thoughts of the Christian Democrats with respect to this current stage of Chilean life and history. We do so with the purpose of constructively contributing to the best success of the difficult task of national reconstruction in which, with patriotism and honesty, is being carried out by the junta.

This affirmation is taken from the second paragraph of the letter. The newspaper described the situation of the party:

> At that time, several representatives of the Christian Democratic Party worked for the military administration, wherein they occupied technical positions, such as…Juan Villarzú, who was appointed Director of the Budget. Likewise, the current president of the Central Bank and also former minister of Eduardo Frei Ruiz-Tagle, Carlos Massad, was part of the economic team of the junta.

Later in the letter, Aylwin states thus:

> We have publicly and privately acknowledged our support for the meritorious and patriotic aims of national unity and the reconstruction of Chile that the Armed Forces are pursuing. We have the right to be believed when we express our desire for the greatest success of the current government in the difficult task of restoring democratic institutions.

Aylwin immediately implied the significant period that the military should be in power:

> There are vices, abuses and deviations of which Chileans must free themselves so that our country can return to normal. Such work, which by its nature cannot be prolonged indefinitely, needs time. It would be a mistake to constrain it to a very short term. It must last for the time necessary to create the conditions of security, order, mutual respect and stability essential for a normal life.

Aylwin showed his concern for the campaign to discredit the Christian Democrats too:

> There is a systematic and malevolent campaign against the Christian Democrats. All kinds of malicious and false rumors, designed to discredit us, have been launched. They are circulating in sectors of the government, or linked to it and reach their own headquarters.

As a result, he asked the president of the junta to allow his collective to continue to operate privately:

> We are sure that the absolute inactivity of the democratic sectors facilitates clandestine action among the Marxists. Without guidance from their leaders, our militant bases are left at the mercy of rumors, deceptions and even infiltrations of which they may be subject.

But in the same letter Aylwin expresses concern for the human rights of the administration’s adversaries:

> The punishment of conducts not defined as crimes by the law in force at the time in which they took place, the application of

> penalties for unproven facts, the exercise of judicial functions by officials or organs other than the previously established courts, the deprivation of those accused of any real possibility of defending themselves adequately, the indefinite preventive detention of persons who are not placed at the disposal of a competent court, the use of moral or physical pressure to obtain confessions, are facts that imply denial of justice and a serious violation of human rights.[1]

Declaration of Principles

On March 11, 1974, the junta promulgated the Declaration of Principles of the Government of Chile, which Pinochet had been asking of his advisers since November of the previous year. The text is commonly attributed to the young academic and lawyer Jaime Guzmán, but the truth is that it came from the economists Ernesto Silva Bafalluy, Juan Carlos Méndez, and Miguel Kast, who, according to Roberto Kelly, presented a text that emphasized the "subsidiarity" of the state, "while the military advisory committee, with more of a planning mindset, had presented another eighteen-page report that had no political line and created," according to Kelly, "tremendous confusion between economic freedom and state control." The truth is that they wanted to control everything. They not only wanted to continue with price controls but also proposed to develop some import-substitution industries. In short, the final text of the Declaration of Principles was drafted by Jaime Guzmán from these two contradictory projects, that of the economists of *Odeplán* (Roberto Kelly) and that of the military of the advisory committee (General Julio Canessa). Guzmán, in the end, melded them and, obviously, leaned more in favor of the liberal position of the first project. Yet the economists were not satisfied with the "populist concessions" that were contained in the final text delivered by Guzmán, in favor of the second group.

Nonetheless, the five principles included at the beginning of the document were its main elements and were sufficient to guarantee that Chile would be a free market society:

1. Man has natural rights that are superior to those of the state.
2. The state must be at the service of the person and not the other way around.
3. The objective of the state is the general common good.
4. The common good requires respecting the principle of subsidiarity.
5. Support for the principle of subsidiarity implies acceptance of the right to private property and free initiative in economic arenas.

That was the heart of the matter. Subsequent concessions in the dozen pages of the document were considered by the group in charge of economic and social policies as “rhetorical,” although the junta did not disagree with them: “1. Make Chile a great nation; 2. National planning and projects; 3. Authoritarian, impersonal and just government; 4. Values and style of a nationalistic government; 5. A legal order respectful of human rights; 6. New and modern institutionality.”

Paraphrasing Margaret Thatcher, they considered this part necessary for “consensus,” but it was conceived as a set of “concepts that nobody cares about but that nobody objects to.”

Ministerial and Diplomatic Appointments

The cabinet underwent two changes: General Óscar Bonilla was replaced as interior minister by General César Raúl Benavides and was then sent to the Ministry of Defense, while Colonel Pedro Ewing was replaced in the general secretariat of government by General Hernán Béjares. Then, in March 1975, in the wake of a helicopter accident that cost General Óscar Bonilla’s life, General Herman Brady was named as minister of defense. Earlier, in public education, civilian José Navarro had been replaced by Admiral Hugo Castro. There were also important diplomatic appointments: among the ambassadors, René Rojas Galdames was transferred from the Vatican to Argentina; Admiral (R) Hernán Cubillos Leiva went to Brazil; Admiral (R) Kaare Olsen to Great Britain; Air Force general Walter Heitmann to the United States; Air Force general Máximo

Errázuriz to Peru. Former minister of Allende and minister of economy of the junta General Rolando González was sent to Paraguay; former education minister José Navarro went to Costa Rica, diplomat Augusto Marambio to India, diplomat Raúl Elgueta to Uruguay, and lawyer Héctor Riesle went to the Vatican. Also, various public figures received cultural attaché status: the former representative Maximiano Errázuriz in Switzerland; former representative Silvia Pinto in the United States; journalist Lucia Gevert in Germany, where she would later become the ambassador; and former Christian Democrat director of the national television station (TVN), Jorge Navarrete, went to Britain (years later he would return to TVN under [President] Aylwin [in the early 1990s]).[2]

Concern for the Rights of the People

The junta promptly warned that although the armed challenge of the internal enemy was serious and had to be attacked, the task of global demonization of its efforts by the Department of *Deinformatsiya* of the Soviet KGB, along with the complicity of Western leftism, was devastating and generously financed. The Christian Democrat travelers who had left for Europe to defend the action of the military came back with the impression that the receding tide of prestige was irrepressible (and that began to influence the Christian Democrats to reconsider their initial support for the military government, given their convenience-seeking nature of wanting to support the military government so long as it went with its regalia and its silver slippers, but not when it was clothed in rags).

The administration became aware that, not only due to ethical considerations but also because its international good name required it, the fight against armed subversion should be framed legally too. Thus, Circular No. 1 of the junta, dated January 7, 1974, dictated the “rules of conduct in procedures (which) employ the Armed Forces and *Carabineros*” and disclosed to all the units the document “Governing *Junta*. Military House No. 586. Santiago, November 23, 1973. CIRCULAR TO BE READ

TO ALL COMMANDING RANKS OF THE ARMED FORCES AND CARABINEROS." It said, in part, what follows:

1. The government of the nation, from September 11, decreed a "state of internal war" and maintains the national territory in a "state of siege," in order to facilitate the development of operations against the Marxist forces that until that date had been destroying the resources and fundamental values of our homeland; forces that have not yet been annihilated and that from the underground and, with the help of similar foreign nuclei, are trying to reorganize themselves…
2. Parallel with these extremist forces, there are factions of political parties now in recess that were opposed to the Popular Unity government, which are trying to carry out a slow, silent and penetrating action to prevent the rapid advance of the national restoration action of the government *Junta*…
3. Both opposition forces seek to consolidate their positions by turning public opinion in their favor…
4. These considerations have a great impact on the daily work of the Armed Forces and *Carabineros*…
5. Consequently, it is absolutely necessary that the High Command of the Armed Forces and *Carabineros* guide the actions of their subordinate commanders according to the following general policy:
    a. Actions against extremist forces, whatever their magnitude, must be conducted with energy and determination, seeking the annihilation of these nuclei.
    b. The raids and arrests of people must be executed with timeliness and firmness, but with orders from competent authorities to ensure a procedure that in no case discredits the sacrificial and patriotic work that the Armed Forces and *Carabineros* are

carrying out, and that must not be compared or confused with extremist actions that are causing so much damage to the tranquility of the population.

c. The treatment of detainees must be consistent with the dangerousness and degree of proven commitment of the detainee, since it is logical that it happens that due to the large number of processes that are substantiated, many detainees will prove that they were not implicated in these processes and will thus be set free. From all points of view, it is inconvenient that these people, on account of the maltreatment they received, end up leaving custody with a spirit of revenge, thus transforming them into future extremists.
d. The action of the Armed Forces and *Carabineros* in distinct public positions that their members occupy, must be characterized by honesty at all points, so that history will assign that characteristic as being one of the most important during this stage of governance.
e. The members of the Armed Forces and *Carabineros* must act in an exemplary manner in compliance with the norms that are dictated by the heads of the areas in a state of siege, especially with regard to respecting the curfew throughout the national territory.

6. This circular shall be read and discussed as soon as possible among all members of the Armed Forces and *Carabineros*.[3]

Reiteration of Ethical Norms

Military House Circular No. 3 of the junta once again insisted on some correction of procedures "to avoid abuses of authority that only contribute to discredit the patriotic work of our Armed Forces and *Carabineros*, in their task of reconstructing the homeland and the Chilean ménage," and points out the following:

> 2. We are in a "State of Internal War" where, although it is true, the first battle to take back control of the country has been won, and the disorganization and serious weakening of the adversary has also been accomplished. Nevertheless, eliminating their ability to fight has yet to be achieved…
> 3. This "state of war"…cannot and must not be characterized by inhuman acts that must be hidden from the citizenry and that only engender reactions of violence, hatred and revenge [emphasis in the original]…
> 6a. The attitude of the Armed Forces and *Carabineros* toward any Chilean or foreigner who is caught stockpiling or using weapons in criminal acts against troops and civilians or acts of sabotage that affect our forces or the civilian population, must be oriented towards the annihilation in combat of these extremists or violent persons, or through the fastest judicial procedure, if they have capitulated…
> 6e. The detention of persons must be carried out under a clear order of authority and can only be carried out by responsible bodies.
> 6f. The provisions issued regarding the prohibition of using inhumane treatments in the interrogation of the detained persons and especially the elimination of persons, must continue to be strictly complied with, avoiding circumstances that cannot be clearly explained to their families or defended in the realm of public opinion.
> 6g. The concept of "heavy hand" does not authorize the use of procedures banished from civilization, the heavy hand is rather to be considered a "fair hand," in order to best

interpret the spirit of the governing *Junta* in the conduct of our country.

7. The President of the governing *Junta* expects all the commanders of the Armed Forces and *Carabineros* to understand the importance and transcendence that these dispositions have in the reconstruction of our country, since in the measure that they are fulfilled, the possibilities for the realization of subversive acts as reactions to our measures will be amplified, with nefarious consequences on national life.[4]

Treatment of Detainees

Confidential Circular No. 220 of the Ministry of the Interior, dated January 25, 1974, not only referred to the detention of persons but also explained the legal scaffolding on which the junta developed. It was contained in Decree No. 228 and gave instructions for compliance, in the following terms:

> INSTRUCTIONS FOR COMPLIANCE WITH DECREE NO. 228:
>
> 1. Political Constitution of the state, Article 72, No. 17, which grants the President of the Republic the right to transfer persons from one Department [Region] to another, and to detain them in their own homes [i.e., house arrest] and in any other places [e.g., hospitals, cinema houses, post offices, etc.] besides prisons or other venues destined for the arrest or imprisonment of common criminals.
> 2. Decree No. 228 of December 24, 1973, published in the *Official Gazette* of January 3, 1974, Article 1, establishes that all the powers conferred by Article 72, No. 17, third paragraph, of the political Constitution of the state to the president of the Republic by a declaration of a state of siege, will be exercised by the governing *Junta* by means of supreme decrees signed

by the Minister of the Interior, beginning with the formula “By order of the junta”…

B) THEREFORE, THIS MINISTRY PROVIDES:

1. The detention of persons by using the faculties of the state of siege is unique and exclusively pertains to the military government *Junta* and will be exercised through decrees of the Ministry of the Interior.
2. The detention of persons by military justice can only be carried out by virtue of an order issued by a competent court and in accordance with the legal norms in force.
3. No authority is authorized to make arrests outside of these provisions. The same principle applies to the military intelligence services of any institution, which must also comply with this standard. What is stated is without prejudice to any orders issued by a competent authority, and in cases in which criminal law authorizes the arrest of persons caught in the act of a flagrant crime.
4. If, for reasons of urgency, the military or administrative authority has had to arrest people using its constitutional powers, without the issuance of a prior decree, they should inform the Ministry of Defense as soon as possible (within 72 hours). Then, the Secretary of State through *SENDET* (the National Executive Secretariat of Detainees) shall send such communication to the Ministry of the Interior for its final resolution, maintaining the persons under arrest during the process. This communication must indicate the full identification of the detainee, the place of detention, the causes or reasons that justify it, and the duration of the arrest they propose…
5. The Ministry of Defense shall provide that all *CAJSI* (Commanders of the Jurisdictional Area of Internal Security) submit a complete list of the persons who are detained to date, in accordance with this constitutional power, indicating the date on which they were detained.

> This list must be sent to the Ministry of Defense within ten days after receipt of the instructions from the ministry, which will be sent through the National Executive Secretariat of Detainees to the Ministry of the Interior.[5]

Treatment of People and Language Used During Interrogations

On February 15, 1974, General Félix González Acevedo, general subrogate director, distributed to all units of the carabineros a circular in which stated, among other things, “to efficiently exercise the principle of authority, it is necessary that it fit within the framework of legality, otherwise, it will become arbitrary.”

He also recommended care be taken with regard to the language employed (by interrogators): “If we take into consideration that proactive [provocative] language produces highly negative reactions, often with disastrous consequences, *a fortiori* the use of physical force in an inadequate, unjust and unfounded way, apart from the attributions that the law gives to those who make use of it, can provoke other reactions much more violent than the previous ones and with consequences also of greater severity.”[6]

Minister of economy Fernando Léniz explained to the junta the difficulty of obtaining external loans or credits as a result of the accusations of human rights violations. He had traveled to the United States and captured the atmosphere there with respect to Chile. Thus, he told the governing junta this:

> I tried to find out if after the problem of human rights was fixed we would be beleaguered by other problems. But other issues do not compare with the damage done and pressure that the human rights issues have caused us. In my opinion, it makes sense to bear in mind such negative opinions abroad regarding our country because I believe that we should maintain a keenly objective view of the reality of things. The fact is that a communist conspiracy exists. There

> is no doubt about it. But make no mistake about it. Not everything is conspiracy. It is evident that there is something more than meets the eye going on.[7]

Allegations of Torture

The global Left was active in accusing the Chilean military junta of torturing prisoners in the antisubversive struggle, and in registering complaints with the Inter-American Commission on Human Rights. Torture had always been practiced in Chile by regular and special police forces, but since there was not a significant terrorist and subversive threat until the mid-1960s, there were few cases of torture being judged.

When the MIR appeared under Frei Montalva (1964–1970), the terrorist threat became apparent and the regular police were activated and arrested not a few subversives. There the Left clung to its playbook and accused the Frei administration of "torture." Accordingly, the lawyers for the Left—among them (future president) Ricardo Lagos Escobar—accused Frei Montalva before the Supreme Court of allowing it to go on. There was a seventy-one-page report published in *Punto Final* (August 30, 1970) reporting atrocities.

Afterward, the Popular Unity government (of Allende), which did not confront subversive terrorism but instead patronized it, in turn tortured many of its opponents who were arrested for political reasons. These victims included two congressional representatives who were elected at the same time that I was, in March 1973: Maximiano Errázuriz and Juan Luis Ossa. Hence, in letter *g* of the House of Representatives Agreement of August 22, 1973, calling for the military to depose Allende, they accused his regime of "flogging and torture."

Even beforehand, in 1970, the right-wing prisoners in the Schneider case were tortured savagely, first by the Frei police, and then by Allende's, so much so that in the magazine *Portada* no. 16 (November 1970), we had suggested legalizing torture, just as had been done in Israel and the United States (waterboarding). Then, in 1973, when the military found themselves facing more than twenty

thousand guerrillas, they called for eighty investigative detectives to implement interrogations. One of them, Sergio Rivas, interviewed by *El Mercurio* on November 21, 2004, said he interrogated people inside 38 Londres Street (a place of detention) without applying torture to them, even though there were electrical elements present:

> Did you hear cries of pain? At Londres [Street], no… I did not see any terrible things there either.

But left-wing propaganda said something to the contrary and brainwashed people. Hence, Londres No. 38 has today become "the house of horror." As the Department of Disinformation of the KGB divulged to the world the supposed "torture" going on in Chile, the Inter-American Commission on Human Rights sent a delegation in 1974 to investigate, and "out of 109 cases…only 19 of them claim to have been beaten in recent times and of those only three could show marks in their flesh that could have been caused by that kind of abuse [or torture]."[8]

A Time to Apply the Law

There were civilians who had been able to eliminate the fear of extremism from their lives and others who had not. When everybody was most afraid of extremism (which occurred when about 57 percent of the total deaths from 1973 to 1990 took place, that is, between September 11, 1973, and December 31, 1973), the president of the Christian Democratic Party and former senator Patricio Aylwin defended the work of the military and refused to condemn them "from behind a desk," as we saw in the previous chapter. But time passed, and so did his fear of extremist terrorism, albeit not the fear that other people felt.

In January 1974, Aylwin said that the following took place: "I remember that in those days—it must have been at the beginning of January—I underwent an experience that was very discouraging and increased my pessimism. Don Armando Silva Henriquez, minister of the Supreme Court and brother of Cardinal [Silva Henriquez], invited me to his house to talk with his colleague of the high tribunal's head, Mr. Rafael Retamal. Don Armando was very concerned about the

attitude of that justice, who seemed to be keeping his eyes closed with respect to what was happening. Perhaps I could, by informing Don Rafael of what we knew, induce him to lean his great prestige on the court such that that body exercise its constitutional powers in defense of the freedom and rights of individuals. It was very disappointing for me that Don Rafael—whom I greatly admired and whom years later played a worthy and courageous role on that court as its president—after hearing about my relationship with the situation and my allegations, answered me more or less the following: 'Look, Patricio, the extremists were going to kill us all. Faced with this reality, let the military do the dirty part; afterwards the time of law will come.'"[9]

Actually, shortly before that time, while still under the Popular Unity regime, before a mob that vociferated against the Supreme Court in front of the Palace of Justice, the mayor of Santiago, Jaime Faivovich, had proclaimed that it was understandable why they would want to "massacre all these old people. But that, for the moment, it was not convenient to do so."

The Silberman Case

An objective study of the events that took place in the early days of the military government leads to great surprises that ignite and burn up the image proclaimed and disseminated throughout the world by the Soviet KGB. We have seen the reiteration of norms of the junta and its president aimed at respecting the rights of people in the antisubversive war. However, events occurred that contradicted those norms.

A very special case was that of David Silberman, which could itself be a thriller about the Cold War. Chapter 4 of a book about people arrested then disappeared, *Detained and Disappeared: An Open Wound*, by Patricia Verdugo and Claudio Orrego, is dedicated to him.[10] The case of this person originated in the town of Calama, where a wartime court was used to condemn various government figures falling under several penalties and, in particular, the general manager of Cobrechuqui, David Silberman, of communist affiliation. He was sentenced to thirteen years in prison, composed of ten years

for transgressions against the Law of Internal Security of the State and three years for infractions against the Law of Arms Control.

He was serving his sentence in the prison of Calama when two extraordinary events happened: a number of Army officers of General Arellano's party broke into the prison, without orders, of their own accord, and without Arellano's knowledge (who was at that moment visiting the Dupont explosives factory), took twenty-six prisoners from the prison, and killed them in a nearby desert site. This case was alluded to in the previous chapter.

David Silberman was providentially delivered from that fate, having been transferred to Santiago a short time before—an unthinkable way to have saved his life. He was then imprisoned in the penitentiary, serving his sentence, and was there visited by his spouse, Mariana Abarzúa, during visiting times. But on October 5 she was informed that her husband had been taken away during the evening by an Army officer. Her efforts to know where he had been led were fruitless.

The Rettig Report attributes the nabbing of Silberman and his subsequent disappearance to the DINA. But according to Verdugo and Orrego's book, this communist militant was taken from the penitentiary by none other than the "archenemy" of the Communist Party, the MIR (Leftist Revolutionary Movement), according to the following antecedents: (1) During a confrontation, the *mirista* Claudio Rodríguez (a.k.a. Lautaro) found documents that led to the search of Alejandro Miró de la Barra's home. (2) In that house was found an Armed Forces identification card (TIFA) under the name Lieutenant Alejandro Quinteros Romo, with the number 245-03. This *TIFA* contained a photo of Rodriguez ("Lautaro"). And (3) this showed that it was Rodriguez, using a phony military ID, who had taken Liberman out of the penitentiary.[11]

The Rettig Report says that this was impossible because Rodriguez had been killed on September 30 during combat with DINA forces. Nevertheless, in his book *The Historical Truth II: Missing Persons?* the former director of DINA, Manuel Contreras, proved, with reproductions printed in *La Tercera* on November 4, 1974, that on the day before, November 3, Claudio Rodríguez had fallen in a battle with elements of the DINA on Avenida Bilbao (in northeastern

Santiago). Contreras points out that Interpol of Argentina communicated to Interpol of Chile, through condensed postal message no. 222-75, dated May 30, 1975, regarding the death of David Silberman by an explosive device in Buenos Aires.[12]

According to this version, on the morning of September 11, 1973, the former manager of the Chuquicamata mine hid valuable documentation pertaining to the discovery by Soviet technicians working in Chuquicamata of six uranium deposits, and eight lithium ones, in a pit of the Pampa El Abra. Silberman, the version continues, would have offered to negotiate that information in exchange for his freedom, which was why he was transferred to the Santiago penitentiary. But the Soviets, communists, and miristas, facing this prospect, decided to mount a rescue operation through a complete plan of supplanting Army troops, which is why *mirista* Claudio Rodríguez had a TIFA and would have staged a fake phone call confirmation plan so that the *gendarmerie* (prison police) would be able to confirm the TIFA's authenticity. Those guards would then agree to hand over Silberman when Rodriguéz showed up to remove him from the penitentiary, using vehicles that looked like they belonged to the DINA.

Contreras's version of the account is convincing in terms of reproving the errors of the Rettig Report, in particular, by arguing that Claudio Rodríguez would have died before Silberman's break out was attributed to him. Press releases confirm him dying a month later, and the exchange of messages with Interpol of Argentina provides a solid basis for the thesis of Silberman's death occurring in Buenos Aires in an explosion that took place there at the end of May 1975.

Furthermore, the thesis is also credible regarding the findings of deposits of uranium and lithium by Soviet engineers during the government of the Popular Unity, and the Chilean interest in acquiring the respective plans. Likewise, there was mirist, communist, and Soviet interest in preventing those plans from falling into the hands of the military government, by eliminating Silberman, who was apparently willing to trade the findings in exchange for his freedom.

Pinochet Travels to Brazil, Paraguay, and Argentina

On the occasion of the transition of power in Brazil, where the new president, Ernesto Geisel, took charge, the president of the junta received an invitation to attend, which, after consulting with his cabinet (*cancillería*), was accepted. In Brasilia, he was also able to meet with the presidents of Bolivia and Uruguay, Hugo Banzer and Juan María Bordaberry. The first lady of the American president, Richard Nixon, also attended, and Pinochet says, "Great was my surprise and pleasure to find in her retinue my friend General Vernon Walters, who served as an interpreter to Mrs. Nixon and whom I had met in Ecuador in 1959."[13]

Vernon Walters was the great overseer of American confidential missions for decades. He was also in charge of ensuring that the fight against Marxist subversion in Latin America was successful, and was interested in befriending DINA director Colonel Manuel Contreras. Indeed, he considered Walters to be a close friend, as he reiterated in his book *The Historical Truth*, but when Walters wrote his memoirs, *Discrete Missions*, he did not even mention that Chilean friendship. However, he always had an enormous ability to get his Latin American "friends" to do the antisubversive "dirty work" and thus allow the Americans to pose as "human rights defenders." His strategy was to "take the chestnuts out of the fire with a cat's paw," that of the South American military, which got "burned" in the court of world public opinion, instead of affecting North American politicians and international forums. At the same time, the CIA ate the chestnuts, without staining its own image, i.e., it managed to impede Marxist subversives of Soviet, Cuban, and eastern European origin from establishing themselves in its Latin American backyard. Walters was deputy director of the CIA.

Brazil's new president, Geisel was interested in improving relations between Chile and Bolivia. Banzer, the Bolivian president, and Pinochet met (in Brasilia), and the Brazilian press gave great importance to the event—given diplomatic ties between those countries had been cut since 1962. But what Banzer and Pinochet

talked about in Brasilia was never revealed, nor did the latter man divulge any details in his memoirs, *Camino Recorrido* (the road well-traveled).

When asked by Rio de Janeiro and international journalists who were present about the duration of the rule of the junta, he responded that it had not set deadlines, but rather goals. And about the achievements of his government up to that point, he mentioned delivering real property deeds to peasants, a 40 percent increase in copper production and, in general, the widespread collaboration found among the Chilean people, "wherein 80% are with us, in spite of the difficulties, because they know that the Marxists provided us with 1,000 percent inflation, and they understand that freedom is worth all sacrifices."[14]

In May, Pinochet traveled to Paraguay, to strengthen relations with a country that was a traditional friend of Chile, from whose anticommunist administration the Popular Unity had distanced itself. There he took advantage of the opportunity to exchange points of view and decorations with President Alfredo Stroessner. As its national Independence Day was celebrated, he attended the ceremonies and the liturgical act, where he heard the admonition of the Archbishop of Asunción, Ismael Rolón and "from his innermost being" (para su interior), during the homily, Pinochet thought that the Catholic Church had taken "a social path beleaguered by Marxist tendencies that did not jibe with the doctrine that Christ taught us," while Stroessner whispered in his ear, "It is always the same; we have to let it go." Pinochet confessed that he then thought, "Ours is hardly better."[15]

From Paraguay he decided to return through Argentina and take advantage of having a conversation with President Juan Domingo Perón. However, when the Argentine authorities told him that the meeting should take place at the presidential residence in Olivos, or at the Casa Rosada, Pinochet, without explaining, rejected the idea. He replied that if the presidential summit could not take place at the airport, he would prefer to fly directly to Chile. After hearing his position, his trans-Andes neighbors offered to set it up at the Morón air base, which Pinochet accepted.

They talked for an hour and a half, commenting on, of course, “the homilies of the bishops while he (Perón) laughed heartily, making very sharp comments about the way those gentlemen carry on.” Later, Pinochet posed the main problem that existed between both countries at that time: the presence of numerous Chilean refugees on the Argentine side of the border. Perón promised to move them to the province of Formosa (bordering Paraguay), forewarning that “Perón takes his time, but gets the job done.”

Their farewells were very cordial, and memories were recalled about their meeting for the same ceremony during Perón’s visit to Chile in 1954, during General Carlos Ibáñez’s government. Neither of them mentioned that, during that visit, during his address to the audience that had gathered to hear him, Perón addressed the audience with the evocative word *compatriots*.

Creation of the National Intelligence Directorate (DINA)

Since November 1973, internal security had been placed in charge of what was called the DINA commission, run by an Army officer who had had a brilliant career, top of his class at the military school (in Santiago), first place in the course for high-command staff at the War Academy, and brilliant performances in military postgraduate programs at Fort Belvoir (Virginia) and Fort Benning (Georgia) in the United States. He was a lieutenant colonel of engineers, and the events of September 11, 1973, had caught him by surprise as he was serving as director of the School of Engineers of Tejas Verdes. His name was Manuel Contreras Sepúlveda.

On June 18, 1974, Decree No. 521 was issued to officialize the *DINA* [National Intelligence Directorate]. Its explicit object was “to produce…intelligence,” which would allow the formulation of policies, plans, and protective measures for national security and development. What had established a privileged condition for the *DINA* was that it could overturn places and detain people during periods of the state of siege, which remained in effect throughout the existence of the organism.

Contreras was very effective in the fight against armed terrorism that, as we have seen in the previous chapter, he was to be feared: about ten thousand men in arms of the Popular Unity parties (as noted in the confession of Carlos Altamirano, who had been general secretary of the Socialist Party, to Patricia Politzer in her book interview, *Altamirano*), and there were also about twelve thousand clandestine immigrants from abroad, documented by the OAS. Later in this chapter both figures are documented.

After the military government ended, probably due to political-electoral advantages, the power and size of the clandestine extremist army was minimized in the media, but all the historical literature shows that a great concern of the junta was to prevent the formation of a numerous guerrilla force that could create an environment resembling a civil war. And certainly, a clandestine armed force of more than twenty thousand men would have had the capacity to do just that.

Target of World Leftists

The DINA was globally demonized by leftist propaganda, but its fame is probably, in some measure, fictitious—worse than it deserves. It was accused of "torturing people," but torture was before widely practiced in Chile to confront violent and armed opponents. As we have already seen under the governments immediately before the military one, those of Allende and Frei Montalva, antisubversive torture was widely applied. The first of those governments deserved the following mention in the Agreement of the House of Representatives of August 22, 1973, which called on the military to intervene:

> 10. That among the constant abuses of the [Allende] government against the guarantees and fundamental rights established in the Constitution, the following may be highlighted:
>
> g) It has incurred frequent illegal detentions for political reasons, in addition to those already mentioned with

> respect to journalists, and it has tolerated that such victims be subjected in many cases to flogging and torture.

During the Allende government, there were well-known instances of torture, as in the cases of two National Party men later elected as representatives, Maximiano Errázuriz and Juan Luis Ossa, the latter having been interrogated, after being tortured and in an old-school electrified armchair in the barracks of the Investigative Police of Rancagua (PDI), by the Communist deputy director of investigations, Carlos Toro.[16]

In 1970, the government of Frei Montalva was, in turn, denounced before the Supreme Court by a group of leftist lawyers, among whom was [future president] Ricardo Lagos, for systematic torture inflicted on elements of the Left. The complaint was published in its entirety, as a seventy-one-page reprint, in the August 8, 1970, issue of *Punto Final* magazine. It was obvious that if those constituted the standing practices of civilian governments when the newborn terrorism began, during the Frei period, followed by a form of terrorism sponsored by the Allende government, then, under the military government, who could complain? There was a clandestine army of more than twenty thousand armed irregulars. How could these well-established national interrogation practices not have reappeared and intensified?

The DINA was also accused of "vanishing thousands of people," but the largest number (383) of the disappeared detainees was recorded in 1973—when the *DINA* had not yet been created. It is true, however, that between 1974 and 1977 there were 551 cases, according to the Rettig Report.

It is also true that, once the *DINA* was dissolved, between 1978 and 1990, there were only 23 cases, that is, less than two per year.[17] Furthermore, the number of deaths occurring during confrontations decreased, too, after the DINA was replaced by the National Intelligence Center (CNI) in 1977, headed by a different director, General Odlanier Mena. The figure of 139 killed in the fight against the guerrilla in 1976 fell to 25 in 1977, and 9 in 1978.[18]

Then, in the early 1980s, following the creation of the new terrorist group Frente Patriotico Manuel Rodríguez (*FPMR*, the Manuel Rodriguez patriotic front), pertaining to the Communist Party, the

annual number of deaths increased again but was swelled precisely by the number of uniformed victims of (communist) attacks, so much so that by 1985 the embassy of the United States in Santiago estimated that extremism was the greatest threat to the lives of Chileans.

Thankful Entrepreneurs

Private entrepreneurs, still under the impression that they had been on the verge of losing everything at the hands of a totalitarian regime, like the one that was preparing to seize power by arms in 1973, expressed their gratitude in every way and occasion to their uniformed redeemers. Distinguished Christian Democrats from the firm Ingeniería y Construcción Sigdo Koppers, SA, one of whose managers was engineer (and future president) Eduardo Frei Jr., donated part of their salary—and that of those employees who wanted to do the same—to the governing junta for the purpose of national reconstruction. Frei's son attended the event personally, in order to publicly deliver the donation.

At the same time, the official directive by that company to update the [registry of the] Superintendent of Insurance and Public Corporations (No. 01177) reported the changes in its directory, publishing in Santiago's *El Mercurio*, too, on November 9, 1974, wherein General Manuel Contreras Sepúlveda was appointed as a company director. He was also named that same year as director of the newly formed Directorate of National Intelligence, DINA. The directory was chaired by Mr. Conrado Ríos Gallardo, and in addition to Contreras, the board was made up of Ramón Aboitiz Musatadi, Gonzalo Rojas Lewin, Norman Hansen Roses, Julio Diestre Hilldebrandt, Jorge Loyola Fernández, and Luis Marty Dufeu. The XXVII Annual Report of the company (1976), noted that even during that year General Contreras remained a director and Sergio Gutiérrez Olivos, Noshi Matsumoto Takahashi, and Héctor Campos García had joined the board, too.

Foreign Guerrilla Contingent

In 1974, the Organization of American States verified the presence of a contingent of foreign guerrillas who had entered the country clandestinely between 1970 and 1973, in a study prepared by the OAS Special Committee on Security Consultation. It was presented during its twenty-first period of extraordinary sessions in 1974.[19]

This report was summarized by the newspaper *La Segunda* in Santiago, noting that "between 12,000 and 15,000 foreigners entered the country illegally from 1970 to 1973. They engaged in violent acts while collaborating in the clandestine introduction of weapons, part of which would be at the service of fourteen *cordones industriales* [independent activist groups of working-class people under Allende's government established to pressure the government to socialize companies that refused to accept workers' rights] that were integrated into five thousand companies around Santiago. After September 11, 1973, and until March 1974, more than 3,500 foreigners left Chile as asylees, refugees or expelled persons."

That figure coincided closely with the 14,083 foreigners admitted clandestinely who, according to historian James Whelan, appeared in a list found in the office of Allende's sub-secretary of the interior, Daniel Vergara, after the [military] pronouncement, as we saw in the previous chapter. The OAS commission was composed of delegates from the United States, Bolivia, Colombia, Ecuador, Guatemala, Uruguay, and the Dominican Republic, whose names were Pedro Medrano Ubiera (President), Sergio Obregón Carrillo (Vice President), Carlos Angulo Rueda, José Carrasco Riveros, John Wesley Jones, Gustavo Vascónez, and Germán González.

As sources of information within Chile, the commission called for the president of the governing junta, Augusto Pinochet, to testify, along with the president of the Christian Democratic Party, Patricio Aylwin; Cardinal Raúl Silva Henríquez; the leader of the CUT (labor unions), Ernesto Vogel; the president of the SNA (*Sociedad Nacional de Agricultura*), Alfonso Márquez de la Plata; union leaders Rafael Cumsille, Guillermo Medina, and Moisés Guzmán; press representatives Tomás Mac Hale, Humberto Candia, and María Teresa Larraín; and constitutional lawyers Enrique Ortúzar, Alicia

Romo, Alejandro Silva Bascuñán, Sergio Diez, Jaime Guzmán, Jorge Ovalle, and Rafael Eyzaguirre. “These names are included in a list of fifty-three Chileans who were interviewed by the OAS International Commission.”[20]

Illusions and Communist Terrorism

The communists, meanwhile, dwelled in the midst of incredibly deluded verbiage. The central committee of the communist party maintained that “the Armed Forces of Chile, isolated from all political and organic support, are responsible today for absolutely everything in the country. This fact is understood by their ranking officers, their sub-officials and the troops, for which they have now begun to express their concern and dissatisfaction… In the Armed Forces, too many worrisome factors are beleaguering the unified atmosphere, which were active and resolved, surrounding the junta.”[21]

During 1974, twenty-seven Army personnel were killed by leftist terrorists, and forty-four were wounded.[22] But at their first opportunity, government security services eliminated the guerrillas they could detect, with little or no regard for the consequences. The world’s leftists, orchestrated from Moscow, denounced these actions as “abuses of human rights,” but they were no different from those that the Americans still use against ISIS or al-Qaeda guerrillas, or the Israelis against Al Fatah.

General Contreras, however, acted contrary to the instructions of the junta in the sense of respecting peoples’ rights and, thus, finally lost the confidence of the president of the republic when, in 1977, as a result of the American investigation regarding the attempt on the life of Orlando Letelier (in the United States), he realized that he was not informed about the most serious operations in which that institution was involved.

Even Michael Vernon Townley, the American DINA agent responsible of killing Letelier, when he heard the lack of information to the junta, reproached Contreras. In the newspaper *La Nación*, official media of the government of the Chilean left at that time, under Michelle Bachelet (2006), the following affirmation of Townley was reproduced, referring to his dialogue with his boss, Contreras:

“But, in my judgement, the biggest mistake you made was not informing His Excellency… I accept that there are some things that it is better not to report to superiors, but a physical hit on someone abroad, especially in the United States, with all the associated risks and consequences, is not one of them.”[23]

Another DINA hit job had been to try to eliminate Carlos Altamirano, general secretary of the Socialist Party, Chilean fugitive, and suspected of conspiring abroad, particularly from Mexico, to achieve an armed intervention that would overthrow the government of the junta, and that in no way was oblivious or uninformed about the organized, clandestine paramilitaries in Chile while there was still a democracy, which he derogatively denoted as being “bourgeois.”

Townley and the Cuban exile Virgilio Paz, later engaged in the murder of Orlando Letelier, effectively received from the DINA the mission to eliminate Altamirano:

> At the beginning of May [1974], Townley was stalking his prey at the Barajas airport, in Madrid… Townley, having passed through passport control, saw a thin man with black-rimmed glasses with thick lenses. It was him. With a briefcase in his hand, he began to run after him. “Carlos!” A voice shouted. Altamirano stopped and turned abruptly to see who it was who was calling him. Townley could not stop. He ran into Altamirano, who said: “Excuse me”… Townley picked up his briefcase, which had fallen during the clash, and vanished. Altamirano recognized the person who had called him and approached. “Rafael…” It was Rafael Tarud, head of the Independent Popular Action Party (*API*) in Chile. They spoke for a moment. Altamirano immediately went to catch a connecting flight to East Berlin. Townley had missed his chance.[24]

Deterioration of Relations with the Roman Catholic Church

The declaration of the episcopate of April 24, 1974, “Reconciliation within Chile,” caused great annoyance to the president and the junta,

because although the church praised the administration “for its attachment to Christian principles,” it also called for respect of human rights and affirmed that there were “difficulties in achieving reconciliation, given the climate of fear and insecurity, the increase in unemployment and arbitrary dismissals for ideological reasons.” According to American historian James Whelan, church–government relations were broken with that text.[25]

> Cardenal Silva himself indicated that he believed that the declaration provokes the most extensive debate and, at times, heated that there has been until that moment. General Bonilla, who saw the text first, stated that it was a stab in the back; the President has the same impression when he knew it the day before it was released. But although it hurt deeply, he decides not to prevent the Catholic hierarchy from speaking. For his part, the Cardinal offered the President an introduction when the text was presented, which also bothered many bishops. The statement was accompanied by the printed text of a disputed homily that the Cardinal had delivered the previous Holy Week, in which he announced his criticisms of the government’s security procedures… While General Leigh decided to speak hard and solidly affirming that “the Chilean bishops could end being transport vehicles for international Marxism,” Pinochet remained bothered.[26]

The Arm of the CIA

It is necessary to consider the influence exerted by the US CIA on the DINA. Especially in cases of attacks against the adversaries of the military government that took place abroad, it is unthinkable that the CIA was not, at the very least, aware of what was happening, in particular because the assassin was, in almost all cases, an American: Michael Vernon Townley. He admitted offering his services to the CIA in 1973, although that institution did not accept his offer.

In fact, in March 1974, Colonel Contreras, in his capacity as director of the War Academy, was invited to Washington to an OAS seminar in the nearby town of Airlie (Fauquier County, Virginia). All

their Latin American counterparts were invited. Suggestively, the trip was organized by the head of the CIA delegation in Santiago, Ray Warren.[27]

In Washington, Colonel Contreras met General Vernon Walters, then deputy director of the CIA, who served as liaison with the secret services of foreign countries. Walters invited Contreras to the CIA headquarters in Langley, and there the latter demanded him help to organize the nascent DINA. In an internal memo, Walters wrote what was said to Contreras:

> The Agency cannot provide training or support for activities that may be termed “internal political repression.” In connection with this, the Agency has received with great pleasure the circular of the Ministry of Defense, dated January 17, 1974, in which instructions are given for the treatment of prisoners that follow the norms of the Geneva Convention of 1949. Let us hope that your government continues to adhere to these rules.[28]

This is further proof that the military government did not undertake, as a “systematic practice,” the abuse of human rights, as leftist author Ernesto Ekaizer asserts in the Townley case. General Walters always manifested himself as a close friend of Colonel Contreras, the latter would reveal. But when describing his numerous secret missions, or “discreet missions,”[29] Walters did not even mention Chile or his friend who created the DINA. It was an autobiography to exalt himself, a dropping rulers’ names from the great powers, and in it he did not stoop to reveal deals with a third world country ostracized by the USSR, let alone defend it.

But one cannot avoid suspecting that CIA knew in advance of two actions in which justice has subsequently implicated the DINA, the murder of General (R) Carlos Prats and his wife in Buenos Aires in 1974, and that of Orlando Letelier and his secretary, Ronnie Moffit, in Washington in 1976. The author in both cases was American Michael Townley, and the motif was shared between Walters and Contreras.

In fact, when the military government decided to surrender Michael Townley to the United States, there were reasons not to do so (Townley was being prosecuted since before 1973 for the accidental death of a guard in an action that sought to eliminate some interference suffered under the Popular Unity regime, by the TV station of the Catholic University in Concepción. There is good reason to believe that neither President Pinochet nor the military junta had the slightest idea who Michael Townley was or of his existence.

Of course, they knew even less about him than did the CIA and its deputy director, Vernon Walters. Moreover, the president and the junta received assurances from General Manuel Contreras that Townley was not working for the DINA. This fact was confirmed by General Odlanier Mena, director of the CNI as of 1977, in an interview published in *El Mercurio*.[30]

Apart from the fact that Pinochet did not know about Townley, in the particular case of the attack on Letelier, I personally know that he strongly rejected the idea of any Chilean agent's participation. In 1977, I raised the issue face-to-face with Pinochet in Washington, on occasion of the signing of the Panama Canal treaty, a date that coincided with the first version written by columnist Jack Anderson of the *Washington Post* concerning Chileans involved in the crime, printed just as the invited Latin American heads of state were present.

I had been invited by the government in my capacity as director of the evening newspaper *La Segunda*. When I read in Washington Anderson's column in the morning, I decided to mention it to the president as soon as I was with him. Precisely that afternoon at the embassy we met, and I advised him about the comment.

"That's a dirty trick, do not repeat it," he told me indignantly. "Nobody in my government was involved in that attack." I insisted that it could have been a DINA action that had not been divulged. "I know everything DINA does! I would never have allowed an attack that has caused so much damage to my government. They committed it just when we were managing to procure essential loans in Washington." His outrage at my observations seemed genuine to me.

The Condor Plan and the Truth

On June 14, 1974, the junta, as previously stated, approved Decree No. 521 that created the DINA. This act implied that the frequent accusations against it—i.e., that it had been responsible for most of the deaths and disappearances of people during the military government—were unsustainable, since most of those incidents had already occurred before June 1974: of the 824 disappeared as detailed in annex 2 of the Rettig Report, at least 500 had already taken place when the DINA was created. Of the 2,279 total deaths between 1973 and 1990 specified on page 196 of the Rettig Report, at least 1,823, that is, 80 percent, had already perished before the DINA was created.

Another gratuitous imputation was made by historian Gonzalo Vial: "The *DINA* put together 'Condor,'" he says on page 240 of the first volume of *Pinochet, the Biography*.[31] In fact, what motivated the coordination of the intelligence services of several South American countries in 1974 was not a decision of the DINA, but the founding in Paris of the Revolutionary Coordination Board (JCR) integrated with the National Liberation Army (ELN) of Bolivia, the People's Revolutionary Army (ERP) of Argentina, the National Liberation Movement-Tupamaro (MLN-T) of Uruguay, and the Movimiento de Izquierda Revolucionaria (MIR), the Leftist Revolutionary Movement of Chile.

The political commission of the MIR reported, in its newspaper *El Rebelde en la Clandestinidad* (note that during the Popular Unity regime this terrorist group's newspaper, *The Underground Rebel*, had circulated freely and continued to be widely distributed during the military government), in the October 1974 issue, that the South American revolutionary push should be coordinated according to the following terms:

> 9th. In the international arena, our party will redouble the coordination and joint work with the ERP, the MLN-Tupamaros and the ELN of Bolivia and together with them will fight to strengthen and accelerate the coordination process of the leftist revolution in Latin America and the world…10th…

> we call on all sister organizations and movements to redouble themselves in the struggle within their own countries, to strengthen and expand the Coordinating Board of the "Southern Cone" region [Chile, Argentina, Uruguay, and possibly Paraguay and the southernmost parts of Brazil and Bolivia].[32]

It was obvious that the South American intelligence services were going to respond to that revolutionary organization, coordinating their own manner of defense against its revolutionary predisposition. It was called Plan Condor and was similar to the subsequent coordination used in Spain and France when facing the ETA's (armed Basque terrorist movement's) terrorist actions.

The president of Bolivia, Hugo Bánzer, responded to a reporter's question about the Condor Plan when he left office in 1978: "Somewhere I heard a comment that it was like an intelligence system, in which each country's government informed one another of the existence of people who conspired against the stability of that era, but never as a group promoted terrorist plots."[33]

But the propaganda of the Left transformed it into such within the general propaganda framework inspired by the USSR and Cuba. It consisted of transforming the armed aggressors into victims of assault, while accusing those who opposed those armed leftists by force of arms as those who were "trampling human rights."

The Hit on General (R) Prats

The activities of General (R) Carlos Prats, exiled in Buenos Aires, were followed by the Chilean authorities, and it is safe to say that the CIA followed them too. Argentine author Ernesto Ekaizer stated, "The military attaché of the Chilean embassy in Buenos Aires had organized its permanent surveillance of Prats, reporting any findings promptly to the then head of the military intelligence service, General Augusto Lutz."[34]

This endeavor was natural, since Prats's activities were not limited to writing his memoirs and fulfilling an active social life. Certainly, the US and Chilean intelligence services were aware of other aspects of

his work, such as those elements revealed by the deserter and former Soviet agent Vasilii Mitrokin in his book *The KGB and the Battle for the Third World*.[35]

That volume revealed that an important Soviet agent was sent to Buenos Aires—upon the assumption of command by Juan Domingo Perón, in 1973—under the alias of Sergei Sergueyevich Konstantinov, whose real name was Tolstikov. He took advantage of his connection with General Prats to obtain an interview with the Argentine vice president, Isabel Perón. According to Mitrokin, Tolstikov obtained precisely that, thanks to Prats, eventually leading to an interview with Perón himself.

What Mitrokin adds—and what is of more interest to Chile—is the following: "Prats was given ten thousand dollars out of the funds allocated from the Central Committee for 'work with the Chilean resistance and immigrant community,' after the overthrow of Allende." Let us consider what the Chilean legal system says about the conduct of a soldier who, even in retirement, in exchange for money, is placed under the orders of his country's main enemy power on that time—the USSR—choosing to "work with the Chilean resistance."

Article 244 of the Code of Military Justice says that a military man who commits any of the crimes enumerated in articles 106, 107, 108, and 109 of the Penal Code will be punished with death. Article 107 sanctions the "Chilean who militates against his homeland under an enemy flag." It is very difficult to accept that the Chilean and American intelligence services, in the middle of the Cold War, missed this activity of General Prats and, in particular, his commitment to the Soviet Union.

Researcher Víctor Farías, working another angle, documented the agreements made during General Prats' visit to Moscow in 1972, in his capacity as commander in chief of the Army.[36] It is conceivable that, in 1974, the activities of the retired general to "work with the resistance" were considered to be equivalent to committing treason, as specified in the Criminal Code and the Military Justice Code, punishable by death.

Townley had arrived back in Chile in October 1973, after having left during the Popular Unity regime. He had worked for the

nationalist movement Homeland and Freedom out of conviction. As noted earlier, he had offered himself to the CIA, which did not accept his services. Finally, he had made himself available to the deputy director of the DINA, Colonel Pedro Espinoza.

He was in Buenos Aires between the nineteenth and thirtieth of August 1974, surveilling the movements of Prats, who had received two warning calls that his life was in danger. His spouse, Sofia Cuthbert, had applied for passports for her and her husband, in order to fulfill a commitment to the Complutense University of Madrid. However, Michael Townley and his spouse, Mariana Callejas, were already in Buenos Aires on September 15 to fulfill the mission of eliminating the general.

Prats received a second call (from someone with an Argentine accent). “General, we are going to kill you. You have to declare publicly that you are not conspiring against the Chilean military *Junta*,” the voice said.[37] “Prats sent his wife to the consulate general of Chile to insist on receiving their passports.” However, on Friday, the twenty-ninth, Townley had already slipped into the parking lot of the Pratses’ building and placed a bomb there. On Sunday, the thirty-first, the couple had returned from a meal, and when he got out to open the gate and then returned to the driver’s seat, Townley blew up the vehicle, killing both Prats and his spouse.

That same Sunday Townley and Mariana Callejas returned to Santiago.[38] Pinochet stated the following with respect to the crime:

> Being informed of the tragic death of Army General (R) Carlos Prats González and his wife, Sofía Cuthbert de Prats, the government regrets such a brutal act of violence and vehemently condemns it.
>
> Measures have been taken so that those families residing in Chile can head to Buenos Aires immediately, granting them the most extensive facilities to do so.
>
> The treacherous murder of Mr. General Prats and his wife, and the climate of terror created internationally by acts of extremism, justify the security and public-order measures that the government of the Republic has adopted, and will

> continue to adopt, to promote the tranquility and protection of life of all people residing in Chile…
>
> That same day I set forth, as a perpetual concern, that the Minister of Foreign Affairs make contact with his Argentine counterpart and to carry out the investigations necessary to find the culprit(s).[39]

It will be demonstrated later on that Pinochet was unaware of the very existence of Townley, who masterminded the crime, or his relationship with the DINA, even after discovering two years later about Townley's participation in the attack against Letelier in Washington. That well explains Pinochet's ignorance about Townley's mission and action against Prats.

Challenge Not Accepted by the Soviet Bloc

American historian James Whelan called attention to a public and international challenge that set the Chilean military revolution against the socialist world—one that few remember. Perhaps this amnesia is because of propagandistic convenience, because the facts undercut the accusation that there was a generalized "exile," in circumstances wherein there was a commutation of sentences to people accused or suspected of terrorism:

> On the first anniversary of the *coup de etat*, Pinochet announced that, with the exception of particularly serious cases, all prisoners who so desiring to be freed may leave the national territory definitively… But our love for freedom and our respect for the natural rights of man do not allow us to turn a deaf ear to the dramatic laments of millions of human beings who today live oppressed by Communist tyrannies. In these countries, fully consolidated administrations that do not live, as is the case in Chile, an emergency situation, have built a complete system of violation of all freedom and human rights. For this reason, before the decision we have just announced materializes, we consider it our moral duty to challenge the Soviet Union and Cuba, under the supervision of the International Red Cross,

> based in Geneva, to allow them to leave their countries a number of prisoners, equivalent to the one who will benefit from our decision.[40]

The challenge, it goes without saying, had no echo at all.

The Death of Miguel Enríquez, Head of the MIR

The head of the illicit MIR leftist terror association, Miguel Enríquez, not only managed to evade justice—first protected by the Allende regime and later successfully hiding from the military administration—but was also actively committing robberies and assaults after September 11, 1973. Just days before his death, on September 26, 1973, he had robbed the Huelén branch of Banco de Chile, whose branch agent, Renato Robinson del Canto, had the courage to refuse to give him the keys to the bank's safe and thus fell under the abuse of Enríquez, who hit him on the head with his revolver. In a wild response, Robinson punched Enríquez in the face, throwing him back on a desk.

The terrorist, unable to sit up, ordered one of his own, "Take him down!" That resulted in Robinson being struck by six .38-caliber rounds, none of which killed him. He thus became a hero of democratic civility that after 1990 has rarely been remembered and never honored.

Days later, Enríquez's hiding place was discovered by Army lieutenant Miguel Krassnoff, who worked for the newly created DINA. Leftist and biased versions generated by the Rettig Commission talked about small tanks and helicopters, along with a contingent of fifty men, used to kill Enríquez. However, the main protagonist, Krassnoff, rendered his own, very different version to *El Mercurio*. Historian Gisela Silva Encina wrote it in her biography, *Krassnoff*:

> The event occurred on October 5, 1974 in a house located in the *comuna* [municipality] of San Miguel. In the place were, besides Enríquez, his lover Carmen Castillo and other individuals who had managed to hide after fleeing. This is the story of Krassnoff:

That Saturday, at around 2:00 p.m., we cruised the streets in two vehicles. Two [DINA] agents accompanied me, plus a 19-year-old assistant who served as my secretary. We did not discover anything, but when we were leaving, the neighbors told us that vehicles would enter and leave from a nearby house, with people inside using a typewriter all night long. Too, there was a visitor who seemed to be an invalid since he never got out of the vehicle when it arrived.

Her information had to be checked by ringing the doorbell. If a lady had just come out saying that nothing was wrong, we would have left—as simple as that. I left the female informant in charge of the vehicles for a second at the corner, while I took the guy with me to the front door of the house. As we were walking past the window, he said to me, “Look out, Miguel!” and pushed me to the ground. I had heard the action of a rifle being loaded. Then an impressive barrage of bullets flew over us.

We were not carrying any type of communication devices and the only way to call headquarters was by telephone. I sent him to locate one while I fired my AKA rifle from behind a post in front of the house. I heard shooting elsewhere, but I did not see any adversary. Suddenly, a guy appeared on the upper terrace with a Soviet anti-armor rocket launcher and fired at me. Fortunately, due to my close proximity, the projectile did not attain its maximum explosive charge and it instead wasted a motorcycle and a section of the house behind it, but nothing happened to me. At that point, I ran out of ammunition and had to pull back.

When I returned, an investigative team had been dispatched to the house. I stop them, because there could have been booby-traps and explosives inside; then I entered. I found a pregnant woman—bloody and lying on the floor with her rifle. I thought she was dead, but she was alive. With her clothes I tried to stop the abundant blood flowing from her shoulder and forearm. When they told me that ambulances had arrived, I took her under my care, putting her in one of them and leaving her with one of my assistants. They

urgently took her to the Military Hospital. She survived thanks to the timely medical attention. Her name was Carmen Castillo Echeverría, Miguel Enríquez's lover, and niece of Jaime Castillo Velasco, the current president of the Human Rights Commission and daughter of the current mayor of La Reina.

At that time, the man that I left on the side of the house came in contact with Enriquez, who was wounded. He tried to climb up a wall, and when he leaned over, he was ordered to raise his hands and not to move. But he continued upwards, taking out a .38 caliber revolver. The man then reacted in self-defense and Enriquez fell dead.

At four or five in the afternoon (more than two hours later) *Carabineros* and military forces arrived to surround the perimeter. I was at the hospital looking into Carmen Castillo's condition. When she started to recover, we had some very long conversations until she left for England (I dropped her off myself at the airport). I never heard from her again. She did attempt to call me on the phone in 1992, but I did not take her call. She sent me a message through an important political figure in the military government. He was impressed with how she got on with an adversary. She wanted to contact me to thank me. I did not accept because I fulfilled my duty and I did not want to accept any appreciation from those who wanted to kill me.

The Army investigated the events surrounding the death of Miguel Enríquez and decided to award Krassnoff, by General Pinochet directly, the medal of military valor. He became the only man to receive it since the War of the Pacific (1879–1884).[41]

However, after "left-wing justice" began to dominate the courts in the late 1990s, extremism was transformed from being perpetrator to "victim," from aggressor to the one "assaulted." In 2017—and the supreme irony remains today—Brigadier Krassnoff, now a prisoner for eighteen years, was additionally convicted of the "murder" of terrorist Enríquez. A remarkable transition from "medal of valor recipient" to *de facto* "prisoner for life."

Arellano Could Not Be Two People at Once

Literature (about the Chilean military revolution) in general and, in particular, Ekaizer's book, several times cited herein, do not hesitate to incriminate General Sergio Arellano in many unjustified deaths, and through him, his superior, General Pinochet, too. However, Ekaizer himself discloses a letter dated November 24, 1974, from that general to the president, on the occasion of hearing about the condemnation the government received that year from the Human Rights Commission of the United Nations.

The tenor of the letter is incompatible with the nature of a "serial killer" that Ekaizer's book tags Arellano as being, in the so-called Caravan of Death case. I described his action in my book *The Truth about the Pinochet Trial*, which has never been refuted and was a best-seller for many weeks in Chile. Historian Gonzalo Vial, a man very critical of the military revolution—and of Pinochet in particular—in the matter of human rights, thus qualified my argument:

> Hermógenes Pérez de Arce published a lucid and provocative legal analysis of the irregularities committed (affirmed) by Minister Guzmán in the Pinochet trial. No one rose up to meet the challenge. The law was not the fundamental issue under dispute.[42]

In turn, Ekaizer, after blaming Arellano for heinous and unjustified crimes in his chapter entitled "The Caravan of Death," published the aforementioned letter to Pinochet:

> Another aspect that may have affected this matter [the military government's condemnation by the United Nations] were the actions of the *DINA*'s and, to a lesser extent, the Aviation Prosecutor's office. Some of this I discussed with you during your tour of the province of Coquimbo. Neither of these two organisms depends on me, but I should have worked in closer collaboration and harmony with them. Given that they do not provide information to civilians, the public has inevitably resorted to the *Comandancia de la Guarnición* [office of the highest Army officer in the region, who oversees the

> Army's bureaucratic, public interface], as well as to other civilian institutions and authorities, which have allowed me to orientate myself with regard to some techniques and work modalities they utilize. This exercise has made me conclude that they have forgotten both what fundamental human rights mean and that we live in a state where the law is still fully in force… Looking for and determining where the fault lies will enable us to see the procedures it employs more clearly, i.e., those elements that have created—and will continue to create—problems for us, unless we lop off such unacceptable practices and techniques. Those things are often magnified, having come to the attention of important civil, religious, and even military circles.
>
> We must be patient and be fundamentally concerned with keeping our internal front cohesive. And for this goal to be achieved an environment of complete confidence is necessary, in the broadest sense of the word. This prescription is not being followed presently, with some proportion of it corresponding to certain improper practices of the *DINA* and the Aviation Prosecutor's office. Indeed, many detainees have been mistreated and subjected to various unnecessary and careless or thoughtless abuses…
>
> It must not be possible that we are already talking about a Gestapo, with all the associated macabre memories that this word carries with it from Nazi Germany, wherein the chiefs were locked up in an ivory tower, navigated by a tangled system of intrigue and snitches. That malevolence meant the beginning of the end of the aforementioned governmental system.

That was what General Arellano wrote to Pinochet. It is without a doubt, I repeat, incompatible with the brand of "serial murderer" that certain leftist propaganda has managed to sear him with.[43]

Pinochet, President of the Republic

Initially, it had been agreed informally that the presidency of the junta would rotate annually, and so had Pinochet declared in an interview

quoted in the previous chapter. However, over the course of time, the predominance of the first president of the junta was noted, with the acquiescence of Merino and Mendoza, and even the reluctance and resistance of Leigh. Everything led to the dismissal of the rotating presidency and confirmation of the notion of a principal conductor who, along with having such a personality, had “enough divisions” under his command.

General Leigh left the country in June 1974 for a few weeks, and upon his return he found that through Decree No. 527, published in the *Diario Oficial* (official government gazette) on June 26, 1974, General Augusto Pinochet had been designated as “supreme chief of the nation.” On the next day (the twenty-seventh), a ceremony had been called in the government building in which the newly appointed chief justice of the Supreme Court, Enrique Urrutia, would inaugurate the president.

Pinochet says in his memoirs that, according to that regulation, “the executive power would be held by the President of the junta, who, as supreme chief of the nation, would exercise the powers attributed to him by that statute, and other powers that the Constitution and laws confer on the President of the Republic. Two days later, in a simple ceremony, I became the supreme commander of the nation. With this measure, the designation and corresponding responsibilities pertaining to the land’s highest office were clarified.”[44]

As Congress had been dissolved on September 20, 1973, and the previous president, Salvador Allende, had died before that, on September 11th of the same year, constitutionally the executive power had fallen in the hands of the president of the Supreme Court, Enrique Urrutia Manzano. For that reason was he who had the constitutional legitimacy to decide and preside over the investment as new president of the republic of general Augusto Pinochet.

Also present in the ceremony were all the members of the Supreme Court and the comptroller general of the republic, contributing to the legality of the transmission of the executive power to Pinochet.

But in “the highest office” there were dissensions: Leigh, who lacked character, surprised by the call to the ceremony on the twenty-seventh, accused Pinochet of acting behind the back of the

junta, and according to Argentine researcher Ernesto Ekaizer (who was quite predisposed against Pinochet), he might have said, “Now you believe you are God! At what point will this end?” “Stop bothering me!” Pinochet might have answered. “If there is so much commotion over this action, let us suspend everything and then we will see how this matter should be settled. I am not going to let you play with the country!” Having said that, according to this version of the story, Pinochet hit the table so hard that he broke the glass covering it. Then Leigh, resigning himself to the decision (given that he had “fewer divisions” than Pinochet), might have said, “You have convened the gathering with the press, various authorities, and half the world. How are you going to suspend it now?”[45]

The Statute of the junta

The junta, which had assumed full executive, legislative, and constituent powers—while respecting the judiciary—worked in a bit of a nebula. The authority of Pinochet was noticeable, and only Merino effectively opposed him when he disagreed with him, because they were united by a childhood friendship that could be traced back to the Sacred Heart School in Viña del Mar. Leigh also opposed him, but ineffectively. His relationship with Pinochet was difficult, because Leigh continually demanded equal rights, mainly to preside over the junta. This point bothered Pinochet, mainly because he himself had announced initially that the presidency would rotate.

Recapitulating: Decree No. 527 of June 26, 1974, the statute of the governing junta, which appointed Pinochet as supreme chief of the nation, had already been enacted. At the end of June, power was solemnly vested in him by the chief justice of the Supreme Court, despite the circumstances and Leigh’s anger, previously related.

Finally, Decree No. 806 was enacted in December 1974, which incorporated into the law a reality that was apparent from the early hours of September 11, 1973. Pinochet was explicitly named “President of the republic” as head of the junta. It also reiterated that he was the supreme head of the nation. He was empowered to govern and administer, to appoint and remove ministers, to conduct international relations, to appoint provincial chiefs, governors and

mayors. Plus, he was still a member of the junta, which retained legislative and constituent powers, with an added right to veto any decision it made.

Interestingly, it was at the request of the economists represented by the minister of economy, Fernando Léniz, rather than other ministers or counselors, this power was modified in a way that common sense and clarity demanded.

Accordingly, Pinochet received all the attributions of his position, delineating for him sole, personal executive power, along with retaining a legislative and constituent role in the governing junta, over which he presided. The other junta members played a more advisory legislative role and retained their advisory legislative commissions. The president had his own team of ministers and advisers. That is why the first legislative commission pertained to the Navy; the second to the Air Force; and the third to the carabineros.

Only when Pinochet was elected as president for eight years, during the 1980 referendum, in which the (new and still current) Constitution was also approved, would a deputy commander in chief of the Army take a seat on the governing junta, albeit in fourth place in order of precedence, rather than the first place that Pinochet had occupied. At that point, the deputy commander in chief of the Army began to preside over his own, fourth legislative commission.

Shortly after taking office under Decree No. 806 in December 1974, the president appointed a new cabinet: Interior, General César Raúl Benavides; Foreign Relations, Vice Admiral Patricio Carvajal; Economy, Fernando Léniz Cerda; Treasury and Finance, Jorge Cauas Lama; Justice, carabineros general Hugo Musante; Defense, General Óscar Bonilla; Education, Rear Admiral Hugo Castro; Public Works, Air Force general Sergio Figueroa; Agriculture, carabineros general Tucapel Vallejos; Lands and Colonization, carabineros general Mario Mackay; Labor, Air Force general Nicanor Díaz Estrada; Mining, General Agustín Toro Dávila; Housing, Rear Admiral Arturo Troncoso; Public Health, Air Force general Francisco Herrera; Transportation, General Enrique Garín; Economic Coordination (akin to Planning and Budget), Raúl Sáez; secretary general of the government, Colonel Pedro Ewing.[46] The latter official would soon be replaced by Colonel Humberto Béjares.

The Very Serious Economic Situation

As noted in chapter one, the appointment of Léniz as minister of economy was quite a coincidence. He had gone to the government building to appeal the suspension of the newspaper *Las Últimas Noticias* and ended up leaving as an appointed minister. His selection was also providential in terms of the economic reconstruction required because, being neither an economist nor a Chicago Boy, he understood the idea of free market economics. At the same time, he had flexibility to explain those ideas and saw the need to maintain the (laissez-faire) model—especially to impatient uniformed personnel and to the general public that was dissatisfied with the sharply rising prices resultant from the return to economic reality. He fulfilled this task by frequent television appearances.

Nevertheless, “the internal front” did not yield: generals Bonilla, Nuño, Viveros and Arellano continuously telephoned Minister Léniz to criticize the general price increases and their repercussions for low-income people. Yet their counterpart was not a cold economist, but rather an experienced and flexible man, a skilled negotiator who was accustomed to dealing, in his work as manager in the paper industry and in the newspaper *El Mercurio*, dealing with the most experienced trade union leaders and, therefore, was perfectly trained in the art of persuasion.

General Bonilla, minister of defense and former minister of the interior, who had some deep social inclinations, took Léniz to visit several marginal populations, so that he could see the effects of rising prices, unemployment and poverty. And Léniz, of course, went along, explained the reason of things, conceding and recognizing the hardships. But he did not change course (nor could he impose another way against the Chicago Boys).

When he tried to make some change, the economists stopped him, and he submitted to them. From the military sector, for example, a heavy capital tax was proposed. The proposal had statist and populist overtones. Léniz negotiated, making a counterproposal to deliver 10 percent of the capital of companies to their workers. But economists vetoed his idea and Léniz submitted to them, resisting the military arm.

Meanwhile, in 1974, he managed to restitute some two hundred illegally confiscated businesses to their owners and to tender another forty-nine. But General Arellano, of great ascendancy among his peers, argued for the restitution of textile companies only upon the condition that the privatization of banks be delayed.[47] The military did not want state divestiture policy to get out of hand…preferring a more gradual process of returning those assets. They did not yet realize that the success of their Revolution depended precisely on them "going away."

Appointments and Economic Advances

This military revolution, with its comings and goings, despite its internal doubts and contradictions, advanced anyway. General Javier Palacios, who commanded the occupation troops of *La Moneda* in 9/11, was appointed vice president of the Corporation for the Promotion of Production (CORFO). Colonel (R) Sergio Cadenasso was put in charge of the Agricultural Trade Enterprise (ECA), which was costing the treasury, for those years, the exorbitant amount of 500 million dollars per year.

An important milestone of the Revolution was improved forestation. Until 1974, only 290,000 hectares had been planted with manmade forests. In Chile, a pine forest may be exploited after only twenty years. In Canada, Europe and the northwestern United States, it takes between forty and eighty years. As former minister over of the forestry administration, Alfonso Márquez de la Plata, recalled:

> To transform this potential wealth into reality, Decree No. 701 was enacted in 1974, designed to encourage the manmade forestation of lands suitable for pine tree exploitation. Tax benefits were established, such as an exemption from real property tax, inheritance tax and any potential presumptive income tax on planted lands. They would only be taxed when harvested. The legal body also established a twenty-year subsidy of 75% of the net costs for planting, maintenance and administration. Through 1989, this subsidy had cost the national treasury eighty-seven million dollars—an insignificant

> figure considering that (thanks to these resources) a forestry products industry valued at several billions of dollars was created… That decree was perfected in 1979 by Decree No. 2,565… A key figure in the design and implementation of Decree No. 701 was the Executive Director of *Conaf* [the National Forestry Bureau], forestry manager Julio Ponce Lerou.[48]

Clarifying Things while in Brazil

In March 1974, Pinochet visited Brazil, where General Ernesto Geisel took office. He favored a policy of reasonable, open innovation and development. Pinochet was captivated by that mindset, for which he argued, "an initial recovery is needed, followed by immediate development, and then a disengagement phase starting in 1978." He ruled out the possibility of retaining power forever, just as much as the notion of stepping down after only three years, holding new elections, since doing so would again return Chile to Marxist policy.

Over the months he said that "this is not merely a transitional government, for doing so would be the worst mistake that could have been adopted—an error that would have had disastrous consequences," which he qualified by affirming that as soon as the government's goals were fulfilled, "we will call for elections and turn over power to whoever wins."[49] This point of view was shared by the country's main newspaper and press leader, *El Mercurio*, which editorialized as follows:

> The honorable government *Junta* founded a new administration that impelled a profound change in the institutions and habits of the country; the robust, concreteness of the system is linked to the exemplary discipline of the Armed Forces and its evident ability to take charge of the country. Continuity is guaranteed, because neither uniformed personnel nor civilians see another alternative for the distribution of power in the short- or

medium-term, other than the administration instigated by the junta.[50]

Economic Opposition within the Government

By Decree No. 460 of May 1974, the *advisory committee* of the governing junta was legalized, comprised of a select group of officers of the three branches of the military and the carabineros (police force). Its mission was to advise the junta, but it would likewise assist the president of the republic once he assumed executive power and hence formed the legislative commissions to advise members of the junta.

This committee took a markedly critical stand against the economic team, wherein the Chicago Boys predominated. Their center of operations was based in the *Odeplán* (office) of Roberto Kelly. It fell upon me personally to verify the conflict, being a vociferous public advocate of free market policies, and having been given commentary time on the news broadcast of national television and two radio stations. I defended the policies being implemented. As related in the first chapter, I was then summoned by the advisory committee, and I realized that skepticism and criticism predominated among its members. I had not studied economics at that time, as I did later, and my arsenal of arguments came mainly from the writings of Milton Friedman in *Capitalism and Freedom*, and German minister of economics Ludwig Erhard, as he argued in his two-volume set, *Social Market Economy* and *Welfare for All*.

The advisory committee was headed by Army colonel Julio Canessa Robert, a man of short stature who was singularly energetic and vivacious, with a great gift of being able to command and having had a unique ascent in the ranks of the Army. Many years later, in the nineties, I became his close friend, as we maintained a ritual of periodic lunches in my favorite restaurant, Carrousel. These meetings were interrupted only after his final illness, as he was approaching ninety years old.

In fact, one of the most skillful statesmanship maneuvers deployed by Pinochet was how he kept the advisory committee current and active, conferring on it the full rank it deserved, without allowing any

detriment to the economic liberation policies that were being put in place by the Chicago Boys. In that sense it was what some call "coolly intuitive," because the criticism of those free market measures was not only widespread, but emerged from highly stationed sources within the military government—even up to Admiral Merino's level, according to the aforementioned episode, regarding exchange rate policy at the end of 1973, not to mention General Arellano's letter (partially reproduced earlier).

The advisory committee's statist biases had some marked "successes." The largest of these was to reserve mining property for the state, an idea that came from the amendment to the 1925 Constitution promoted by Salvador Allende in 1971 that leaked into the 1980 Constitution. This provision, a disincentive for private investment in mining operations, had to be denuded in order to counter its negative effect on private mining investments. This was achieved in the 1980s by minister of mining José Piñera Echenique, through his great project to create the "real right of private domain over mining concessions," which was essential to promote prosperity in that vital sector of our economy.

Initially, the advisory committee, represented by its president, Colonel Canessa, was challenged by the Office of National Planning, headed by retired naval officer Roberto Kelly. Canessa and Kelly didn't love each other. But Kelly prevailed. He was typically a man of action, deeply convinced of the benefits of economic freedom. He had retired from the Navy in 1967 and entered a group of companies controlled by the primary owner of *El Mercurio*, Agustín Edwards Eastman, whose closest adviser was Hernán Cubillos Sallato, another extraordinarily capable and enterprising retired sailor.

Both Kelly and Cubillos were close friends of Admiral Merino and had a primary role in providing, starting on September 11, 1973, names of trained economists and free-market ideas to the junta. Kelly, therefore, after being appointed minister of *Odeplán*, became the nerve center of the influence of the Chicago Boys in the government and the *bunker* of resistance against the military advisory committee.

The Economic Command

The Chicago Boys group initially (and still in 1974) was, politically, composed of right-wingers and Christian Democrats. Its merit was seen through the exercise of its middle management position in indirectly controlling the economic decision-making of the government. The initial right-wing advisers were Sergio de Castro and Pablo Baraona in economics, with the second also advising the Ministry of Agriculture, both being graduates of the economics faculty at the Catholic University of Santiago and of the University of Chicago. The Christian Democrat advisers were José Luis Zabala with the Central Bank of Chile; Andrés Sanfuentes and Juan Villarzú at the Ministry of the Treasury and Finance.

In turn, *Odeplán* Chief Kelly had his young and "less young," but all hardened, *avant-garde* economists: Ernesto Silva, Juan Carlos Méndez, Alvaro Bardón, Hernán Büchi, Sergio de la Cuadra, Ernesto Fontaine and Miguel Kast. The latter had been his deputy director in *Odeplán* since the end of 1973. The Christian Democrat yet-to-be-mentioned (left for last) was the most important of all of them at that time, Jorge Cauas. He became the iron hand that, finally, would adjust the wobbly Chilean economy—fixing the crisis caused by the Popular Unity, that was being further exacerbated by the international impact amassing from rising oil prices.

Cauas had been recommended by Raúl Sáez, a civil engineer and minister of economic coordination (akin to planning and budget) who, by the way, did not much like the Chicago Boys. That is why he recommended a man who seemed to be an outsider (also a civil engineer, a graduate in economics from Columbia University, and a Christian Democrat). However, Cauas turned out to be the most pungent force of all of them, working for the Ministry of Treasury and Finance, where he was sworn in during July 1974.

Perhaps many people thought he was soft, because he was well-mannered, but he was in fact the most hardened of all of them. That fact was curious, given that he came from the economic team of Frei Montalva in the 1960s. Ultimately, he was instrumental in the success of the military government, precisely when the global economic crisis threatened to sink it. 1974 was a year in which, in

economic terms, the junta “had settled down and relaxed” (left everything alone). In 1975, Cauas pushed the “pedal to the metal” or, to use a similar slogan and secret weapon of the Chilean navy, “win or die” (“vencer o morir”).

Stroessner’s Visit and the Break with Mexico

When Pinochet was in Asunción, he had invited Paraguayan president Stroessner to come to Chile. His visit took place on September 17, 1974, and occurred under terms of deepest friendship between both countries, recovering what had been lost during the Popular Unity government. Both leaders attended the *Te Deum* at the Cathedral (a Roman Catholic religious ceremony honoring the divine intervention in preserving the fatherland), but the homily of Cardinal Silva Henriquez did not elicit comments between the two men. They were dismissed with a handshake from the prelate, and then climbed into a car with the top down, in which they roamed the streets amid applause, preceded by mounted cavalrymen, *en route* to the La Moneda presidential palace. On the nineteenth, the presidents attended a great military parade, together with other guests of honor, such as the Argentine defense minister, General Adolfo Sabino; the commander in chief of the Argentine Navy, Admiral Emilio Massera; and the Peruvian minister of aeronautics, General Rolando Hiliardi.

While reestablishing ties with Paraguay, those with Mexico continued to deteriorate. Finally, on November 27, 1974, the government of that country decided to break relations with Chile. “The main reason for keeping his Embassy open,” said Pinochet in his memoirs, “was the reception of asylees, an activity that had practically ended. The ties, in every sense, had died of ‘natural death’, as Mexican Foreign Minister Emilio O. Rabassa declared during a press conference.”[51]

The Two Poles of Pinochet

Economic life was intertwined with the organizational and political tasks of the military revolution. And in both areas they confronted

folks with two distinct mentalities: the planner and the free marketer. Appearing before Chief Kelly, mentor of the Chicago Boys, Colonel Canessa introduced himself, as we said, as soon as he had created the advisory committee of the junta. Then, “in a conversation that was characterized as being not very warm,”[52] he delineated for Kelly the attributions of the newly created body and asked for some background on regional organization and planning.

Kelly knew that he had come for something else: to implement the heart of a new economic policy, but he could not help but recognize that Canessa was the minister of (economic) planning—something in which Kelly had little faith. In any case, on Friday, May 10, 1974, he received “a dated calendar sheet, which someone had apparently urgently ripped off from the pad and which was written in red ink with such a vigorous stroke that he had scored the paper. The sheet read: “What good is ODEPLAN? Its Director is requested to answer this question next Monday the 13th at 12 o’clock.”

Did the directive come from Merino or Pinochet? He never knew. But it did come from the junta. The exposé would be before the full junta.[53] Kelly brought together his economists dedicated to establishing a model of a free and unplanned economy. He made them work that same Friday, as well as on Saturday and Sunday. Each technician was to contribute his part in the presentation, which Kelly would open with a brief description of the purposes of *Odeplán*.

Pinochet asked him with a stern frown: “Where is your development plan?” Kelly replied that it would be forthcoming in 1975. Then the economists, who had divided up the topics, described a program of installation of a free economy in Chile. However, they came out of the meeting somewhat demoralized, because they felt the coldness of the junta. Nonetheless, Kelly assured them: “We got a ten.”

The next day he received congratulations from Merino, who told him that the junta had determined that it would not be convenient to interrupt the work being carried out by *Odeplán*. In other words, Chile would have a free market economic system without central planning. For whatever reason, Pinochet always kept the advisory committee going, but he did what Kelly’s team said. The adoption of this

thinking, forming a decisive balance between the two poles, was one of the “stellar moments” of the military revolution.

The Pillars of the Uniformed Personnel Team

Then, in chronological order, the first pillar was the advisory committee comprised of uniformed personnel, quite statist and adverse to the severe policies required to facilitate the economic transition. Against the coldness of the economists, its members affirmed that they would be able to act with “audacity and imagination.” It criticized the economists for the harshness of their recessive adjustment program.

The second pillar was the so-called military house, which fulfilled all the tasks required as if it were Pinochet’s administrative aide. Then there was the third one, the presidential general staff, charged with monitoring the political action of the head of state, along with that which came out of his cabinet within the junta. Each commission enjoyed equality with the other ones, according to the aforementioned Decree No. 527, which in terms of the other three were called legislative committees: I (Navy), II (Aviation), and III (carabineros). From 1981 onward, when the vice commander in chief of the Army joined the junta, this branch would have its own legislative commission: IV (Army).

University Uneasiness

The rector-delegates managed the universities with disparate results, but the government found itself facing stronger political resistance in some of them more than in others. That issue had been coming to a head, impelled by a simple gravitation of the facts coming down from the junta member who was officially in charge of educational matters: General Gustavo Leigh. Whenever compromise and tempering emerged, both of which comprised his inherent attributes, problems of authority resulted. In such cases, Pinochet did not hesitate to take the reins.

Perhaps this fueled some resentment in General Leigh, setting the stage for a very serious institutional crisis in 1978, wherein the

permanence of the military government was even called into question.

> In April 1974, the regional leader of Magallanes informed the Minister of Defense of a troubling situation at the State Technical University of Punta Arenas, which had mostly Marxist professors and staff. The minister addressed the junta and endorsed a proposal to appoint a deputy rector, suggesting that he possess the faculties to investigate and eradicate such irresponsible, wayward and biased faculty, thus normalizing the university. The reaction of the president was unexpected: he addressed the commander of southern operations theater, indicating that “he would order the immediate suspension of the vice-chancellor of that university, designating as interim replacement a colonel under his command, while awaiting the definitive appointment of a new rector.” It was such issues that Pinochet considered a priority to resolve.[54]

The Expulsion of Renan Fuentealba

In November 1974, Renan Fuentealba, former Christian Democratic senator, and former president of his party, granted an interview to a correspondent of *Agence France* Press in Chile, Jacques Kaufman. He transcribed the text to his home country, detailing some harsh criticisms of the military government, which then became the lead press version that circled the globe.

Fuentealba was arrested as soon as *La Segunda* published parts of the interview in Santiago, which the interior minister called “highly damaging to our country and to its government,” adding that Fuentealba backed “the infamous campaign undertaken by international Marxism against his country.” That afternoon, some laconic investigative detectives detained Fuentealba and put him aboard a LAN plane that took off for Miami.

Already in flight, with considerable difficulty, Fuentealba got to talk to the pilot, expressing his desire to disembark in Costa Rica. He told him that he could do so in Panama, but Fuentealba assured him that he would be killed if he did so. Finally, the pilot agreed to let him off

in Lima, where Chilean diplomat Augusto Aninat welcomed him into his apartment.

The case caused a stir in Santiago. Pinochet was in Talca, where, in the municipal gymnasium crowded with women and young people. He said, “In recent days I recognized the need to boot a politician out of the country because he was sowing weeds.”

That night on television, temporary minister of the interior, General Enrique Montero, appeared, saying that Fuentealba “had shown an incalculable lack of patriotism in formulating statements for a foreign press agency that have only added to the false accusations regarding human rights not being respected in our country.” In the meantime, the press published statements by sixty-nine prior ministers and former parliamentarians from the Christian Democratic Party, led by Eduardo Frei Montalva, protesting the expulsion.

The former senator’s own family published an insert in *El Mercurio* with the complete text of his statements to the French Press, showing that there was nothing subversive in them, but the Ministry of the Interior pointed out that it did not correspond to the text published abroad.

Paradoxically, at that time Frei Montalva felt “bitter and defeated” and “sometimes isolating himself from his close friends.” What happened was that he had been repudiated abroad for his responsibility in the overthrow of Allende. “At Harvard University it had been impossible for him to give a talk because students prevented it from happening.”[55] He bore the cost in Chile, on the one hand, of being an opponent of the junta, and on the other hand paid abroad (being a frequent traveler) for his actions supporting it.

The Exaggerated Image of Repression

It was the MIR’s own confession that put exaggerated accusations of “human rights violations” against the military government into evidence. Historian Gonzalo Vial, a renowned critic and judge of that administration in such matters, wrote thus:

> At the end of 1974, the Central Committee and Political Commission of the *MIR* accounted for nine fallen, twenty-four prisoners, ten exiles, eight fugitives and one expelled. This

> was reported to the press and to the television by a pathetic quartet of detained *miristas*, which the movement itself immediately marginalized and condemned to death. The communists, on the other hand, hibernated in a clandestine life without too many surprise incidents.[56]

The external image of what was happening in Chile was far more exaggerated than reality bore out. For the harshest repressive action, the same author reports, took place against communists and socialists afterward, in 1975 and 1976. The case of *MIR* party member Lumi Videla drew national and international attention in 1974, whose corpse was thrown into the gardens of the Italian embassy in Santiago. Dozens of extremists wanted by security forces resided there as asylum seekers.

The case gained international notoriety and, finally, many years after the end of the military government, led to the condemnation of high-ranking *DINA* officials as the perpetrators of the murder of the militant *mirista*. Moreover, the incident led to the ambassador of Italy, Emilio Barbarini, already retired from his role, to write a book in Italy, *Chi a ucciso Lumi Videla*? (Who killed Lumi Videla?), Muria Publishers, Milan (2012).

Apart from the circumstances of his death, little was said of Lumi Videla's long commitment to violence starting in the 1960s, part of which is referred in the following paragraph of the book *Chile Under the Christian Democracy*, by a former minister of President Ibáñez (1952–1958), Arturo Olavarría Bravo:

> That day (May 22, 1967), as a symbol of their solidarity with the teacher's strike underway at technical high school (*liceo*) No. 7, located on Carmen Covarrubias Street (municipality of Ñuñoa), which had been taken over by its students, forty female university students from the Pedagogical Institute of the University of Chile headed over to show their support. Along with this effort, the aforementioned forty students of the Institute blocked traffic along Irarrázaval Avenue by covering the street with branches from the tree pruning that was annually done at that time. Later, numerous *Carabineros*, under the command of Mr. Alberto Méndez, arrived on the

> scene to dispatch the student action in its usual manner. But this time the young men and women—having made their defense ready, being armed with clubs they carried with them—bravely confronted the police force, whom they beat mercilessly. The attack was directed especially against Lieutenant Méndez, who after suffering encephala-cranial trauma and numerous injuries to the head and the rest of his body, had to be admitted to the Hospital de *Carabineros* with an "under investigation and observation [without divulging information to the public]" diagnosis. The students accused of undertaking the aggression were Sergio Alfredo Pérez Molina, Lumi Videla Mora, Rubén Aedo Barrientos and Mrs. Carmen Rodríguez Zúñiga, who were arrested.[57]

Italy and Its Contradictions

When the Christian Democrats agreed to send a delegation abroad to defend the image of the junta, it only managed to convince itself that its image was indefensible. At that moment, the party began to reconsider its support for the military revolution.

The verdict of the delegation was that the country having the worst climate for the junta was Italy. The Italian government had withdrawn its ambassador and the *Chargé d'Affaires*, Tomaso de Vergottini, who had been in charge of the mission. He wrote his memoirs (*Miguel Claro 1359*) about the two years in which he had to deal with a difficult situation: the government of his country, where the majority public opinion displayed hatred for the junta, while Italians living in Chile were nearly unanimous in their support for the military government.

This was a widespread phenomenon: resident foreigners understood the process, having lived in Chile, and for that reason supported the junta. Yet in their countries of origin the propaganda campaign designed by the Department of Disinformation of the KGB against the junta prevailed, leaving most world public opinion adverse to the Chilean administration.

From the book *Miguel Claro 1359*, which is the address of the Embassy of Italy in Santiago, it is clear that a contingent of two

hundred and fifty subversives of the extreme Left had found refuge in those diplomatic headquarters, where they were forced to be housed and maintained. They clamored for safe conduct to Italy, where they knew they would be welcomed. At the same time, the most important local newspapers, *El Mercurio* and *La Tercera*, editorially criticized Italian diplomacy for protecting terrorists. In the end, the resident Italian colony not only repudiated its diplomats but also even threatened to raid Miguel Claro 1359, remove the refugees, and hand them over to the Chilean authorities. It didn't happen, fortunately.

Annual Economic Accounting

At the end of fiscal year 1974, GDP had grown 1 percent—insufficient to recover from the—5.6 percent fall in GDP during previous year. Inflation, measured by the change in CPI, had fallen to 375.9 percent, from the official 508.1 percent statistic in 1973 (which was, in reality, much higher). Meanwhile, unemployment had risen from 4.6 percent to 9.7 percent.

The investment rate in fixed capital increased almost 3 percentage points, to 17.4 percent of GDP. The budget deficit amounted to 10.5 percent of GDP, less than half of what it was the previous year. The balance of trade (exports minus imports of goods) had turned positive: 135 million dollars. The deficit of the current account of the balance of payments, which includes, in addition to the commercial balance sheet, interest and credit activity, decreased to 210.8 million dollars. The balance of payments capital account showed a surplus of 273 million dollars.

The balance of payments account was negative (–55 million dollars). The external debt had risen to 4,028 million dollars.[58] Gross international reserves at the Central Bank reached 94 million dollars, having fallen 73,400,000 dollars from the previous year.[59]

A rise in the price of copper had helped the Chilean economy that year. But the military revolution "had settled down and relaxed;" the enormous adjustment required had been essential, yet the hardest part of it was yet to come.

Chapter 3

1975: The Economy in Shock

Release of Detainees and Voluntary Exile

Exile policy had two perceived facets: the most widespread one, and furthest from reality, aimed to show that the military government deported people into exile. Nevertheless, no such permanent policy existed. The other facet, the real policy situation, was that those who had problems with the law could request, as an alternative to possible prosecution and conviction, a kind of commutation or pardon: *permission to travel abroad*. Those who partook of the policy wanted to leave in order to avoid being judged.

After 1990, President Aylwin profusely favored violent leftists with pardons or commutations of sentences that allowed them to leave prison and reside in other countries, in which their political contacts —the Left never abandons its armed forces—had found paid work for them in advance. But nobody called that “Aylwin’s exile.” If they had done so, Aylwin would have notched a similar number of “exiles” as the junta did.

Nevertheless, the benefit granted to the 453 holders of a *laissez-passer* (a UN travel document permitting free passage) extended on January 14, 1975, to people who were imprisoned for crimes against internal security was thus called “exile.” To this end, in May 1975 conditions were established such that people sentenced by military tribunals could leave Chile. A commission received and processed their requests, which were finally submitted to the president.

Starting from September 1973, the total number of people recorded who were allowed to go abroad was 2,744. In May 1975, 164 more were ready to leave the country, while 539 remained in detention. Nonetheless, the national entities that were supposedly defending “human rights,” who were really just people in the political process opposed to the military government, claimed that there were

three thousand. Abroad, the figure ninety thousand[1] was published, also without any basis. This is how things were and how the world was (and is) informed about the military revolution.

Two highly publicized cases of prisoner releases included the exchange of Luis Corvalán Lepe, general secretary of the Communist Party, who was detained, in exchange for Soviet dissident Wladimir Bukovsky, who remained in a Soviet prison. It took place in December 1976 in Geneva. I later had lunch with Bukovsky and others in Santiago, and at no time did he express any gratitude toward the military government. The other case involved the release of former communist senator Jorge Montes in June 1977.

Hardly Any Socialist Solidarity

On September 11, 1975, Pinochet requested that the USSR and Cuba, who had demanded the liberation of subversives in Chile, make good on their promise to receive their exiled comrades:

> Chile began to fulfill its word, allowing the departure of detainees under the state of siege, including people convicted by military courts. Thus, over the last twelve months, 483 people have left the country who were detained preventively because of their presumed dangerousness—according to the legal doctrine of the deprivation of liberty under the state of siege. At the same time, 189 requests for commutation of prison sentences imposed by military courts to enter voluntary exile have been approved, that is, entreaties to leave the country. It is useful to add that these figures are not larger because of the difficulties we have had to find countries that agree to relocate them. As always, the governments of the Soviet orbit, which insult Chile for releasing the enumerated detainees, have highlighted their duplicity by refusing to receive them: that fact is clear proof of the fallacy of so-called socialist solidarity.[2]

Neither did they accept the petition to release a number of political prisoners (conscientious objectors) in their communist countries

equal to the extremists liberated by Chile.

Young contemporary Chilean authors, who did not live when the deeds were done yet have been well-informed and have read Jean-Francois Revel, have noticed a great paradox created by the penetrating anti-Chilean slogans generated by the KGB:

> Thus, the Marxist governments, which had nothing to say to anyone about the violation of human rights, made Chile, in practice, the only country prosecuted by the international community. In this way, international communism not only got the military administration to be repudiated internationally but also used it to cover up its crimes. As the French intellectual Jean-Francois Revel has said, "the cry of ¡Pinochet! Pinochet! exorcises the demons, all the Cambodians of the world, all the Afghanis, all the Ethiopians, all the Czechs, all the Tibetans. Since the Greek colonels departed, that cry is almost the only one found on the frontline to support the weight of the psychotherapeutic service of the culpability of the leftists." In 1976, Alexander Solzhenitsyn would say on French television: "I hear the word *Chile* much more often than the Berlin Wall or the occupation of Hungary and Czechoslovakia…[or of] our current gas chambers, i.e., the psychiatric prisons [of the U.S.S.R.]." Effectively, if one observes and compares the situation of human rights in Pinochet's Chile with that of other countries whose rulers were communists, it is surprising that the USSR and its European satellites, North Korea, Vietnam, Cambodia, Ethiopia, Cuba or Nicaragua will not experience the censorship and siege that Chile has suffered by the hand of the international community and, in particular, the United Nations. The Uganda of the dictator-anthropophagus [cannibal] Idi Amín Dada, the Iran of the Ayatollah Khomeini, the Iraq of Saddam Hussein and the [other] Latin American military governments did not have problems either."[3]

But that was a drop in the bucket compared to the intense international campaign against the junta, promoted by the Soviet KGB. The minister of economic coordination (planning and budget),

Raúl Sáez, reiterated to the junta something that they had already been warned during the previous year by his economics colleague, Fernando Léniz:

> The country has not yet clearly realized how serious is the opinion abroad about what happened in Chile. In the country, events happen that are not of extraordinary importance, but which are still magnified, hindering the diligence that Chilean representatives carry out at this time.[4]

Resumption of Relations with Bolivia

In February 1975, Pinochet met in Visviri-Charaña, (contiguous towns on either side of the) Chilean-Bolivian border, with the president of the neighboring country, Hugo Banzer. The initiative was advanced by the Chilean government, resulting from a conversation between both leaders the previous year in Brasilia.

In a luxury lounge car of the railroad from Arica to La Paz and on the same border line, they exchanged ideas and then signed the accord, *Acta de Charaña*, which stated in its main section:

> Both leaders, in mutual understanding and with a constructive spirit, have resolved to continue the dialogue at various levels to seek solutions to the vital issues that both countries face, such as the situation of landlockedness affecting Bolivia, within the framework of reciprocal conveniences and attending to the aspirations of the Bolivian and Chilean peoples.

Pinochet would later recall: “With this meeting we normalized our relations with Bolivia after 17 years of being ruptured.”[5] Historians Schiappacasse, Medalla and Sanchez added, “The negotiations began to find a formula that would allow Bolivia to gain sovereign access to the sea on a strip of land contiguous with the Line of Concord [the imaginary line marking the border between Chile and Perú, as designated by the 1929 *Treaty of Lima*]. By beginning such negotiations, General Pinochet wanted to achieve (as confirmed by

the general archive of the presidency No. 2.812 / 114, 15.08.76) ‘the neutrality of Bolivia in a possible war between Chile and Peru.’”[6]

Effective Exiles

Other events that contributed to accusations that the military government “exiled people” were three isolated cases, and probably unfortunate ones, in which it actually did so: on August 6, 1976, the Investigative Police unexpectedly deposited on a plane heading abroad two distinguished opposition lawyers. Their criticisms of the government were reiterated, often without good foundation, yet always widely accepted by the national media: Eugenio Velasco Letelier, lawyer and former Director of the Law School of the University of Chile, politically close to radicalism (the Radical Party); and Jaime Castillo Velasco, a Christian Democrat, concerned about the issue of human rights and a constant critic of the repressive actions of the government. The sudden exile of both caused great internal commotion, but that action really was exceptional. However, it fueled the notion that the regime “exiled people.”

Later, in 1980, the government banned the re-entry into the country of the president of the Christian Democratic Party, Andrés Zaldívar, after receiving information regarding his attendance at meetings in southern Italy in which the overthrow by force of arms of the military government was directly considered. I will go further in this case, to which I had a personal connection, in the respective chapter entitled, “1980: The Year of the Constitution.”

November 1975, for various additional reasons, was described as “a lacerating month,” by historian Teresa Donoso Loero:

> The scandal of the *MIR* guerrillas (Pascal and Gutiérrez), who dragged priests, nuns (the three involved left Chile with courtesy safe conducts on November 8, 1975) and Dr. Cassidy herself [discussed later in this chapter, an English doctor who provided medical care to communist Nelson Gutierrez, a leftist guerilla sought by the police, leading to her arrest on November 1, 1975, by the DINA, and kept in custody without trial, supposedly tortured in Villa Grimaldi near Santiago, in order to force her to disclose information

about Gutierrez and her other contacts], whose reprisals were felt to the full. Father Gajardo and his recluse band of embroidering nuns were not enough. As if that fact was not enough to discredit the Catholic Church, the following news broke out in Copiapó:

A *mirist* cell in which two priests participated actively fell into full possession of the Military Intelligence Service. Its main activity was to recruit new applicants for the *MIR* and discredit the government, through pamphlets that they themselves printed with rudimentary mimeograph machines. The apprehension became effective after the fourth day of *MIR* flags appearing on one of the hills that surround the city…

The priests involved turned out to be Giuseppe Murinedou Rozzu (Italian, 35 years old, specialist in the formation of Christian youth) and Salvatore Angelo Rozzu Canu (Italian, 33 years old, specialist in the creation of Christian communities). When the Parish of San José Obrero (located in the Las Canteras slum) was raided, where both priests exercised their religious activities, the investigators seized pamphlets written against the government, texts about the failed Unified National School of the Popular Unity, a mimeograph machine fitted with the stencil type used to print anti-government pamphlets (it was lying under the altar of the parish), Marxist literature, two posters signed by Che Guevara (belonging to Father Salvatore Angelo Rozzu), cassette tapes with disparaging recordings about Chile transmitted from Radio Moscow, a revolver inside a book expressly hollowed-out to hide it, microfilms with instructions for undertaking an armed resistance, and the organization of a politico-military apparatus, along with a complete list of the characteristics and patents of the vehicles handled by the officers of the Army infantry unit of Copiapó…"Twenty days after their arrest, Giuseppe Murinedou and Salvatore Angelo Rozzu sailed for Rome, having received courtesy safe-conducts."[7]

A Frustrated Attempt Pertaining to Preschool Education

The military revolution wanted to—but could not—remedy the great national imbalance in education: lack of resources destined for extremely poor children between two and six years of age, coupled with fiscal generosity for higher education. The same problem continues to this day and a 1975 Chicago Boy, economist Jorge Claro Mimica, called attention to it in a letter to *El Mercurio* of Santiago on January 23, 2018, page A2, wherein he recounted what the military revolution attempted to do but could not:

> A SAD STORY. In 1975, a small group of Catholic University economists who worked advising the Minister of Education, Mr. Arturo Troncoso, realized that the budget made in October 1973 mistakenly assigned more than 50% of the resources to universities and none to kindergartens for children found in extreme poverty. At the suggestion of Dr. Fernando Monckeberg and Ernesto Schiefelbeim, a proposal was urgently developed to reallocate 10% of the university budget—which had to be corrected during that year to return it to its historical norm of 30%—to a project that we call Centers of Integral Attention (*CAI*) for children between two and six years old who languish in extreme urban poverty… Our project got the enthusiastic support of the Ministers of Education and Finance—Jorge Cauas—to offer, over a period of ten years, preschool education to 350,000 children in extreme urban poverty selected according to a map showing areas of such poverty developed by Sergio de Castro and Miguel Kast, along with child malnutrition data garnered from the National Health Service office.
>
> Unfortunately, and to our surprise, within the government of that time there were people who actively and effectively opposed this initiative. They considered the project to be "economistic" because only the director of each preschool would be a kindergarten teacher while the rest of the staff would merely be kindergarten assistants. And, in addition, the

kindergarten structures would be made of wood instead of reinforced concrete, lacking kitchens and pantries…

Given this unexpected political resistance, we decided to entrust the social evaluation group of projects led by Ernesto Fontaine at the Catholic University, the social evaluation of the *CAI* project… The evaluation was positive. With this background, the Minister of Education decided to develop six pilot kindergartens in the hearts of vulnerable communities, the one in Pudahuel featuring double capacity.

After inaugurating three or four kindergartens, the *CAI* did not prosper for lack of conviction of some of the highest authorities in the country. In turn, the National Board of Kindergartens (*Junji*) became dependent on the Ministry of the Interior, and was to be directed by the first lady. After a few years, and having created what is now known as *Integra* (an incomplete copy of the *CAI*), the *Junji* was compelled to be returned to the Ministry of Education.

The most important and sad thing is that due to political, non-technical problems, this project was not implemented. It could have delivered preschool education to more than 1.5 million children, now adults, that could have changed the face of the country. In short, Chile lost a pioneering opportunity to have developed the most important and transcendental social project, in my opinion, of the government of the armed forces.

A regressive disequilibrium pertaining to poor children without subsidies and generously subsidized university education still persists today.

Death of General Bonilla

The defense minister, General Oscar Bonilla, had to travel to the countryside to recover from a spinal column operation. On March 3, the helicopter he had boarded for his return trip experienced a fatal accident shortly after takeoff. The minister, his companions, and the crew all died. Pinochet said he felt deeply grieved by the loss of his “lifelong friend,” whose parents had been very close, lifelong friends of his in-laws.

Politically, the loss was also great because Bonilla had a very good reception in the ecclesiastical environment and among sensible Christian Democrats, which after showing initial enthusiastic support for the junta had been distancing themselves. In particular, their support began to shrink upon witnessing the reality of the worldwide rejection stirred up against the junta by the incessant adversarial campaign of the Soviet KGB's Department of Disinformation and its extensive manipulation of world public opinion.

Michael Townley

In January 1975, Michael Townley increased his commitment to the *DINA* and the institution bought him a house located in (the largely elegant and exclusive Santiago hillside neighborhood of) Lo Curro, at Via Naranja 4925, with adequate facilities for required electronic experimentation.

Neither the junta nor its president, General Pinochet, even knew of Townley's existence until in 1977, when his participation in the Letelier assassination was revealed, and Americans asked Chile to extradite him. And his expulsion was undertaken precisely because of the assurances given to the president by *DINA* Director Colonel Manuel Contreras that Townley had never worked for that service.

Townley was the son of the chief executive officer of the Chilean branch of the Ford Motor Company, a firm that had abandoned the country after the advent of the Popular Unity. As "urban legend" had it, that corporate head had been simultaneously fulfilling CIA missions. But his institution—and an unanimity of North American diplomats—always denied it, as was the case for (CEO) Townley's son supposedly belonging to it, although it has been recognized that he had applied to enter it (and thus could not have been a CIA operative earlier).

Also, given the friendship with the deputy director of the CIA, General Vernon Walters, who claimed to help sustain *DINA* director Colonel Manuel Contreras, it was hard to believe that he did not know of the American agent that Contreras had hired.

I myself met Townley in a very unique way in 1972, under the Popular Unity regime, when I made daily political-economic

comments on Radio Agricultura. The Allende government in that time ordered the temporary closure of the station. One night, a woman called me at my home, offering to continue to transmit my comments, albeit from a mobile radio station, which I accepted. We arranged to meet at a gas station near my house so that I could deliver my first comments. There the woman who had called me arrived—writer Mariana Callejas—later to become the infamous wife of Townley and his accomplice, as well as the winner of several literary competitions, including one run by *El Mercurio*.

She asked me to go to a side street near the gas station, located at the intersection of Américo Vespucio Boulevard and Bilbao Avenue. There I met a young, tall individual, blond hair and perhaps 1.9 meters (six feet three inches) tall: Michael Townley. With his *gringo*-accented Spanish he asked me what other initiatives in opposition to the Popular Unity he might be able to deploy, apart from transmitting my commentaries, such as interrupting the city's electricity supply or dyeing the drinking water red. I only thought about how uncomfortable life would be without electricity or water, piling on those shortcomings to all the uneasiness that had already been generated by socialist policies, so I advised against what he had suggested. We said goodbye and the couple took my script, but not before indicating the broadcast frequency and time when I could hear the broadcast on the radio. And indeed, they transmitted it late that night.

I later met Townley on more than one occasion in the elevator of Radio Agricultura, when I was *en route* to record my daily commentary. He had been taking material to be broadcast for *Patria y Libertad* (Homeland and Freedom), the nationalist group opposed to Allende to which he belonged.

Reappearance of Townley in 1977

Years passed, and I saw him again when I was the director of the evening daily newspaper *La Segunda* and his participation in the Letelier assassination had already been known. Then he went to my office and asked me to participate in a television program on the University of Chile channel in order to explain how serious it would

be for the military government—and the country—if in fact he were handed over to the American authorities. In the end, the TV program did not materialize and Townley was handed over to the Americans, after the then former director of the *DINA*, General Manuel Contreras, assured President Pinochet that he did not know Townley, that he had never worked for the organization and that, in the worst case, he could have acted as an informant.[8]

The decision to deliver Townley was not imperative, because he had a pending legal battle awaiting him in Concepción, where he had been charged with manslaughter on account of his intervention in an operation through which Channel 13 of the Catholic University sought to block the electronic interference that had silenced their transmissions in Concepción. Catholic University TV had contracted Townley's services to do so.

He had located the place from where the interference originated and, one night, with a companion, entered it, tied and gagged a guard, disabling the equipment that emitted the jamming signal. To the misfortune of the two men, the gag of the guard was excessively tight and he, tied up as he was, perished by suffocation during the night. The competent criminal judge charged Townley with manslaughter. In fact, he had to flee Chile on account of this charge, for which he could be detained at any time. Hence, on September 11, 1973, he was surprised by the actions in Chile while he was in Miami, where he (together with some Cuban exiles) was served champagne upon hearing of the government change.

He then returned to Chile and ended up working for the *DINA* thanks to his electronic specialization, believing he was safe from the arrest warrant against him. But the warrant remained active, although not enforced.[9] In other words, the military government could abstain from the expulsion by claiming by legal writ that there was a judicial process pending against Townley and that the US authorities should follow the usual procedure of extradition, which was probably going to force them to wait a long time. The criminal case in Conception would have to be resolved prior to taking the subject they wanted to interrogate into custody.

General Contreras—the *DINA* having already been dissolved—appeared before President Pinochet to comment on the prior

situation. He was consulted for a third and final time: “I want you to know that we have to expel Townley; would you be opposed to us doing so?” Contreras replied, “No, not at all, since he has nothing to do with us.”[10] With that assurance, the president and the junta placed Townley in American hands which, in the end, turned out—as he had warned me—to have very serious consequences for Chile. Townley entered into a plea deal wherein he detailed everything he had done after being hired by the *DINA* (after which he served five years of an eight-year prison term and was then placed into the witness protection program. According to his televised remarks to a Chilean reporter that went to the United States to see him in 1993, he never returned to Chile, nor had he seen his [now deceased] wife and children again).

Operation Colombo

From mid-1974, the *DINA* launched a crackdown against the terrorist group *MIR*, also reaching to other socialist groups linked to the armed (Marxist) “struggle.” Do not forget that, in its annual party congresses from 1965 to 1971, the Socialist Party had proclaimed the need to defeat militarily the “bourgeois state” as part of its struggle for power. There were sixteen subversives captured and taken to detention centers located at (1) 38 Londres Street, (2) José Domingo Cañas, (3) Tres Álamos, (4) Cuatro Álamos, and (5) Villa Grimaldi.

In simulated publications of the magazines *O Dia de Curitiba* (Brazil) and *Lea* (Buenos Aires, Argentina), it was reported that these sixteen prisoners, as part of the so-called Operation Colombo, had fallen in a confrontation between subversive groups themselves. This conjecture turned out to be false. Both media outlets reported the death of one hundred nineteen Chilean extremists at the hands of a rival group. Some of the Chilean press took the bait, even to the point of assigning titles like “*Los Mataron como Ratas*” (“they killed them like rats”). But it soon became clear that this maneuver was merely a crude tactic used to hide the fact of their detention and subsequent elimination in Chile by the *DINA*. The discovery of such falsified information, and the loss of prestige that it brought to the

administration, was likely the first step toward abolishing the intelligence agency. The shame proved to be even greater.

In view of the need to put an end to such conduct, before the end of 1976, the president issued supreme Decree No. 187, which was published on January 30, 1976, providing for the absolute prohibition of maintaining secret detention venues. At the same time, internally, ordinary justice acted to protect those who resorted to it, so much so that the *DINA* asked the government to amend Decree No. 81, which required a state of emergency to be in place—coupled with a threat to the "high interests of state security"—in order to arrest people. The legal department of the *DINA* demanded that the decree be modified so that only the latter requirement would be needed to detain people, but General Covarrubias, on behalf of the president, dismissed that request.[11]

In other words, Pinochet did not want to facilitate the detention of persons as the *DINA* requested. What happened was that the protective remedies for detentions were accepted by the courts when both conditions did not concur together. This fact negates the later *contrived truth* that the courts did not issue protective remedies during that time.

The relationship of the *DINA* with Pinochet was further affected when he found that the agency had carried out investigations of the presidency of the republic without his knowledge. This act resulted in an insert against Colonel Contreras, featuring the presidential seal, being placed in the newspaper *La Patria*. The seal was false, but the *DINA* had investigated the matter within the executive branch without Pinochet's knowledge, which caused the latter's annoyance.[12]

Finally, in 2017, 42 years later, the courts ordered the conviction of numerous former *DINA* agents for those sixteen deaths and others, too. The execution of guerrillas and terrorists is a common practice of security services, particularly in the United States and Israel, but all this is done in a context of formal legality. The *DINA*, on the other hand, concealed its actions with subterfuge acts that were easily discovered in the end. Nevertheless, those actions pertaining to the *DINA* in 1976 led to the decision to dissolve it and create a new intelligence entity, the National Information Center, or *CNI*, under a different commander—an irreproachable general and that offered

ample guarantees of being subject to legal norms: Odlanier Mena Salinas, appointed in 1978.[13]

The Attack on Leighton

During his stay in Madrid in 1975, after the death of top General Franco, two Italian nationals linked to *Avvanguardia Nazionale*, a neo-fascist movement, had met with General Pinochet. These included (1) retired General Junio Valerio Borghese, who had an outstanding service record during World War II while under orders from Mussolini —and that had been forced to sequester himself in Spain after 1970 when in Italy he was proven to have participated in a *coup* attempt to overthrow Socialist premier Giuseppe Saragat—and (2) Stefano delle Chiaie, leader of the same *Avvanguardia Nazionale*.

Later on, they were invited to Chile by the government and had met again in Santiago with President Pinochet. These characters had a relationship with Colonel Manuel Contreras and his people. It was precisely for this reason that Townley had contacted both Stefano delle Chiaie—while traveling in Rome with his wife, Mariana Callejas in 1975—and exiled Cuban Virgilio Paz, who later participated in the attack on Letelier. The purpose was to prepare an assault against (former Chilean president) Frei Montalva's erstwhile interior minister, Bernardo Leighton, who had traveled to Europe at the beginning of 1974, then settling in Rome. He had become an active promoter of a Christian Democrat–socialist unification (and reunification of leftist exiles) in the quest to derail the military administration.

Townley contacted a Chilean Christian democratic trade unionist living in Rome who had no problem confirming over the phone that Leighton was there. Two members of *Avvanguardia*, Pierluigi Concutelli and Salvatore Falabella, agreed to make an attempt on the life of the former minister, receiving assurances from Townley that they could then flee to Chile and continue working there for the *DINA*. At the same time, Virgilio Paz assured them that the Cuban Nationalist Movement would publicly take responsibility for the attack.

On October 6, Concutelli shot Leighton in the head, causing a wound that did not kill him, wounding his wife, Anita Fresno, in the shoulder, with another. She fell screaming, alerting her neighbors and a nephew by marriage. This fact allowed for prompt medical attention to the victims that saved both of their lives, notably Leighton's, whose injuries were more serious.

Later, the former minister—whom I had known since we were both elected as congressional representatives from downtown Santiago in 1973—and his wife returned to Chile. At one point, he called me to his apartment on Avenida Lyon in Providencia (Santiago) with a curious motive. The newspaper that I edited, *La Segunda*, had severely criticized the minister of lands and colonization, a retired carabineros general who had authorized a privileged plan to finance the purchase of homes by ministry officials. Bernardo Leighton argued that "it was through these means that the middle class could have access to decent housing." I acknowledged his concerns and expressed my gratitude for meeting with me.

Finally, after investigating the attack on Leighton, an Italian court condemned delle Chiaie as its mastermind and executor. Notably, when Pinochet was arrested in London in 1998, that court also tried to make him responsible for the frustrated homicide attempt, although his involvement in concocting the plan had been disproven.

Moreover, the Cuban Nationalist Movement (*MNC*), comprised of exiles of that nationality, complied with their commitment to claim responsibility for the attack against Leighton—supposedly to avoid incriminating the Chilean government.[14] In any case, neither the junta nor its president shouldered any responsibility for the assault, since it was later proven—as we have seen—that they did not even know of Michael Townley's existence, who was one of the partners in the crime.

Another Voice of the Episcopate

In September 1975, the *Gospel and Peace* declaration of the Chilean Episcopate (of the Roman Catholic Church) was registered, whose content and tone did not match much of what the bishops—and Cardinal–Archbishop Silva Henríquez—had said and done

beforehand with respect to the military government. This declaration provoked official annoyance.

Furthermore, that statement would be cited later in letters to the editor of *El Mercurio* by lawyer Sergio García Valdés, as well as in the book *Out of the Ashes* by James Whelan and another one, *Church and Dictatorship*, by Enrique Correa and José Antonio Viera-Gallo. As indicated in a respective footnote, without realizing that the declaration would undo certain untruths promoted by the bishops or the (Roman Catholic) church. It expressed, unexpectedly, the following:

> We recognize the service rendered to the country by the Armed Forces, by freeing it from a Marxist dictatorship, whose rise seemed inevitable, and that would have been irreversible. It would have been a dictatorship imposed on the majority of people in the country and then crush them. Unfortunately, many other events that the supporters of the past government criticize and regret, created a climate of sectarianism, hatred, violence, ineffectiveness and injustice in the country, which led Chile to a civil war or a resolution through force of arms. What happened in so many other countries in the world where Marxist militias have imposed or tried to impose their dictatorship against the immense majority of its inhabitants, and not infrequently with foreign aid, was a clear warning of what could happen in Chile. That these fears were not a thing of the past is demonstrated by, among other things, the current situation in Portugal or what can be suspected to be occurring in South Vietnam or in Cambodia. It is evident that the immense majority of the Chilean people had not wished or continued to wish to follow the fate of those countries that are now subject to totalitarian Marxist governments. In that sense, we believe it is fair to acknowledge that the Armed Forces properly interpreted the will of the majority on September 11, 1973, and in doing so they set aside an immense obstacle to peace.[15]

Unbelievable, indeed, but it actually happened once.

Economic Urgency: Kelly's Blow

The relatively high price of copper and a certain hands-off the economy posture of the government made 1974 a "good" year in terms of economic recovery and restoration of normality, but a "bad" one in terms of essential, imperative adjustments going unaddressed.

The economic technicians under Roberto Kelly in *Odeplán* noticed the problem. Then Kelly himself understood the gravity of the situation and acted accordingly. He must be highlighted as a key character in the success of the military revolution, in particular because he realized in time that it was going to fail, and he played his cards right in order to avoid it.

Upon returning from a trip to Peru, at the beginning of April 1975, the economists of his bureau-ministry showed him that during his absence they had done their job. They told him two things: that the 1975 budget had not been well-studied, leaving serious imbalances, and that "all the indicators are red."

In 1975, the price of copper—the main Chilean export—had fallen and that of oil—the main import—had risen sharply. Add to those facts the fiscal and private disaster inherited from the Popular Unity government and anyone could easily whip up a perfect storm.

Kelly had to return to Peru for a few more days and, upon his return, his technicians reiterated: "The situation is of imminent seriousness; there is no time to lose; inflation close to that of 1973 is foreseen for 1975; public investment has overflowed in 1974; at the beginning of the year, the Central Bank had already issued all the money that it was reasonably expected to issue in the twelve months of 1975. Either someone in charge of economic policy must thoroughly sanitize the situation of the public sector or the current economic policy is going to end up in ruins."[16]

Kelly went immediately to the president of the republic and requested to see him. He was told he could not, that the president was getting dressed for a ceremony. Kelly insisted and said it was a matter of life or death. The leader sends him word to wait a second. Then Kelly entered and told him that the economic situation was extremely serious." "No, we'll talk about that later," says Pinochet.

Kelly insists: “Excuse me, President, you have to hear me now. You, who are the savior of Chile, will be like Chile’s gravedigger if you do not take action right now.”

Pinochet scheduled and summoned a meeting in Viña del Mar at nine in the morning the following Sunday. All that day a drastic program of economic discipline was analyzed. On Monday, the president announced the need for an extraordinary economic recovery plan to the generals and admirals.

In those days, a significant number of civilians were incorporated into the front line of the government: on April 14, 1975, Sergio de Castro, in the Ministry of Economics, had joined the cabinet; Miguel Schweitzer Speisky, in the Ministry of Justice; Hugo León, in Public Works; Carlos Granifo, in Housing and Urban Development; and Francisco Soza Cousiño, in *CORFO*. The presidency of the Central Bank was left in the hands of Pablo Baraona and the vice presidency went to Álvaro Bardón. A few days later, Enrique Valenzuela Blanquier was sworn into the Ministry of Mining.[17] There would be no other change of ministers until the following year.

The country functioned smoothly, because people did not perceive the whirlwind threatening it. An American mission came that, at the end of its visit, declared that Chile seemed to be functioning normally.[18] Of course, that opinion was quite different from all the negative ones published by the European and North American “great press,” skillfully penned—although those media did not realize it—by the KGB *Dezinformatsiya* that was so “eulogized” by historian Paul Johnson.

Economic Recovery Program

After the economic alarm sounded, there was a meeting of the cabinet with the junta, before which Kelly crudely revealed the situation. Decree No. 966 was then issued, dated April 10, 1975, which gave minister of finance Jorge Cauas very broad powers to cut costs in the public sector, remove officials, and control and direct all the economic operations of the state.

The home savings and loan system was dissolved, which threatened to generate a financial catastrophe and a fiscal

bankruptcy, since the state absorbed its losses. The gradualist approach was rejected, and a shock policy was adopted instead. The year ended with a reduction of 80 percent of the public sector's deficit and a small surplus in the fiscal budget—a feat which had not been achieved in a quarter of a century.

Nevertheless, the resulting shock provoked a terrible recessive adjustment: production fell 12.9 percent; social spending, 40 percent; private consumption, 21 percent; factory production, 30 percent; and overall savings, 50 percent. Exports entered a declining stage. Moreover, "morphine" use was stopped: it became prohibited by law for the Central Bank to finance public sector expenditures.

The currency was changed from the *escudo*—which had been introduced by Jorge Alessandri in 1960 as the equivalent of a thousand old *pesos*, in another previous rectifying effort, which, after its initial success, succumbed to political pressures—and turned to the traditional Chilean *peso*, which would be worth a thousand *escudos*. That is, the new *peso* equaled one million old *pesos*. It embodied the history of Chilean inflation. American historian James Whelan saw the situation like this:

> On May 26, 1975—fifteen years after Chile abandoned its inflation-ridden peso and exchanged it for the *escudo* (worth one thousand pesos)—the government announced that starting on September 1st, the *escudo* would be eliminated in favor of a resurrected *peso*. At the time of the currency exchange in 1960, the *peso* was trading at $1,000 per dollar. The new *peso*, said the president of the central bank, Pablo Baraona Urzúa, would have a value of one thousand *escudos*. The *escudo* had been devalued 38 times since the revolution. Ten times in 1975 alone, the last time, only a few days before, when the rate for imports and exports rose from 4,100 to 4,300 *escudos* per dollar. The bank rate for currency exchange increased from 4,500 to 4,800. At the heart of the political policy was a systematic devaluation, using a system of daily mini-devaluations that achieved its goal of promoting exports during the period during which it remained in force.[19]

The country creaked somewhat, but the reordering gave it new energy and, beginning in 1976, it grew and prospered…until the next world crisis in 1982.

Domestic criticism was strong in 1975—with respect to everything. It came from both the advisory committee and coordination minister, Raúl Sáez, who disagreed with the plan. But Pinochet backed the plan and ran with it. Sáez ended up leaving, and the advisory committee, being comprised of Pinochet's subordinates, ended up complying.

If the plan had not been carried out, everything would have ended badly in 1975. Nevertheless, this was avoided thanks to two key characters: (1) Kelly, who sounded the alarm and whose team prepared the required shock treatment, and (2) Cauas, whose hand never trembled. Politely said, he was both determined and rigid in achieving his ends: *Suaviter in modo, fortitur in re*. But the adjustment policy was painful: the unemployment rate closed in on 20 percent.

If at any time the country paid the price for the "*farra*" that was doled out by the Popular Unity, it was in 1975. And if it had not been paid, the military revolution would have entered into a crisis of unfathomable consequences. Instead, from the deep precipice into which it had fallen, Chile began a stage of recovery and growth that would only stop when it hit another crisis.

With the support of a new Director of Planning and Budget, Juan Carlos Méndez, who replaced Christian Democrat Juan Villarzú, Cauas applied some severe fiscal discipline and in a single year the public administration's size was reduced by ninety-eight thousand bureaucrats, 30 percent of the total. Thirty years later, with the Left in power, history would be rewritten and the "political persecution of the dictatorship" would be ascribed to the firing of vast numbers of public employees. But the reason for doing so was strictly economic and was fomented under the recovery plan of Minister Cauas. Today these fired employees received generous pensions under the rubric of "exonerated politicians persecuted by the dictatorship."

Cauas was conciliatory, but firm; Léniz, minister of economics, was also conciliatory but since the emergency required another "hard-fisted leader," Léniz resigned, and Sergio de Castro took over as minister of economics.

On April 24, 1975, Cauas announced figures prescribed under the new shock treatment economic policy. These included (a) a reduction of public expenditures between 15 percent and 20 percent from current levels; (b) discharging 30 percent of state personnel (bureaucrats) working in plants; (c) increasing taxes, including taxes on income; (d) definitive implementation of an adjusted VAT (value added tax—since previously the total value of sales was taxed, thus generating a tax on top of prior taxes); (e) dissolution of the system of savings and loans for housing, which threatened to require a gigantic fiscal subsidy if the depositors withdrew their adjustable mortgage securities and adjustable mortgage bonds. For (e), Cauas decreed a *corralito* (withdrawal restriction) and the depositors could only withdraw "a drop at a time."[20]

Friedman's Backing

Milton Friedman visited the country in March 1975 and categorically supported the shock treatment. His lectures and interviews were brilliant and deserved to be later published by a business group. A single question that was asked, and his response, constituted a clear backing for the minister's economic policy that required such a national sacrifice:

> Question 14: Assuming that on April 1, 1975, the government will take measures to reduce expenses by 20% or 25% per year, and that this will allow, as of month n, to stop issuing money, how long, from month n do you estimate that it would take to reduce inflation to a level that would allow applying effective development measures?
>
> Answer: The measure you have described would be the most effective one that could be taken for developing the economy. However, with a question like that, it is very difficult to be extremely precise. But I think that well before the end of that year, in a few months—at the most—you would see a dramatic reduction in inflation.
>
> If the government adopts and maintains that policy, it would have stable prices before the end of that year. And they would already be on the way to further development.

> Actually, I hesitate to use those terms in the style of "development planning," because unless one is very careful about their meaning they sound a lot like those big development plans that assume that an organism of the government decides what industry should develop and provides long-term subsidies for that industry.
>
> That is not the way you want to have a "plan" for development. First, your development plans must be based on the purpose of removing obstacles. Second, they must let the enormous strength, initiative and drive of free people, who hire voluntarily and engage in economic activities, really generate healthy development.[21]

Chile followed Friedman's advice and achieved that healthy development.

Departure of Sáez

Sergio de Castro said in a recent book interview:

> The fact that Sáez kept the position of economic coordinator did not help. General Pinochet was looking for solutions and, as was his custom, he asked for information and advice from both parties. The differences within the economic team were evident and had been accentuated by the issue of the return of textile firms and commercial banks. In fact, an alternative program led by Raúl Sáez began to take shape, with the participation of Carlos Massad, Andrés Sanfuentes and Juan Villarzú. "I remember," Sergio tells us, "that one day all of them arrived at the ministry and presented us with a new economic strategy and a reordering of the area—where Sáez became a sort of Superman—with powers even exceeding those of the junta. But the most serious proposal they had was to retrace their steps, go back, set prices again, the exchange rate, etc. They were scared because prices had soared and because the fiscal deficit was becoming increasingly noticeable as a result of the fall in copper prices. It was at that point where we stood firm.

Pablo Baraona, who was present at that meeting, said that it was a tough one:

> We were at the work table of the Ministry of Economy with Fernando Léniz, Sergio—and I think Juan Carlos Méndez and Ernesto Silva—when they started to raise this issue of freezing prices and stopping the prior measures that had been taken. We insisted that what had to be done was to "cut off the source of the problem" and that nothing would be accomplished by returning to a failed policy. The atmosphere started to get rough, so much so that at one moment Sergio de Castro and I told them that if they insisted on installing such measures again then we were leaving. In the end, Léniz managed to calm the situation and keep Sáez at bay, who soon realized that he could do little or nothing: he did not have his friend Léniz and knew he had lost points with General Pinochet, whom at that point heard him little or nothing.[22]

A transcendental Appointment

In mid-1975 an appointment was made that would be decisive for the economic future of Chile: that of the economist and academic, master's degree from (the University of) Chicago, Sergio de la Cuadra Fabres. He was put in charge of the tariff policy advisory committee.

De la Cuadra was a scholar who had studied the advantages of an open economy. The visionary first minister of finance, Admiral Lorenzo Gotuzzo, had already reduced the maximum tariff on imports from 700 percent to 120 percent. In August 1975, Cauas, at the request of de la Cuadra, reduced them again to between 10 percent and 35 percent, after a delicate meeting with the president, in which a humorous misunderstanding took place: the announcement of De la Cuadra, wherein he proposed ending all tariff exemptions, Pinochet responds: "No, my friend, I will handle the exceptions." They explained that they had referred to "exemptions" and not "exceptions," and the misunderstanding was thus clarified, after de Castro kicked the speaker under the table. Then Pinochet

said he would take up the issue with the junta, which finally approved the tax relief plan.[23]

Image Regarding Human Rights

The government had accepted that the Third United Nations Commission should appoint a workgroup to investigate the situation of human rights in Chile and had also acceded to a United Nations inspection commission, chaired Pakistani Gulam Ali Allana, entering Chile. But the Allana Group wanted to establish its framework and determine on its own the applicable procedures, causing the Chilean administration to suspend its visit permit.

In this regard, Pinochet declared in July 1975: “It is unfortunate that the world cannot defend us, because they are invaded by indifference, which I do not know how to qualify, since they hide their heads to leave this little David fighting alone against the giant Goliath. But let us not forget that David toppled Goliath.”[24] His words were prophetic: in 1989 it ended up happening just like that.

In short, the vote of condemnation by the United Nations was approved with a similar number of votes than the previous year, 95 affirmative, 11 negative, and 23 abstentions, but this time the United States joined the majority. It was typical American treason against those who fought against communism. It was illustrative that, in that same year, the United Nations refused to condemn the human rights violations of Cambodian Khmer Rouge leader Pol Pot, who sponsored one of the greatest genocides of all time—ordering the killing 1.5 million people. It is also illustrative to remember that, during 1976, *New York Times* editorials condemned 66 times the human rights situation in Chile, while only three times criticizing what happened in Cambodia.

As one historian put it, “It is hardly irrelevant to remember that, during this same 1975, Ugandan dictator Idi Amin Dada spoke to the United Nations General Assembly—and was given a standing ovation by the grand mass of attendees—who keep refrigerated, for gastronomic delight and tribal rites, select pieces of his deceased enemies.”[25]

The Allana Commission continued to operate in Geneva, Switzerland. Hence, the government considered it appropriate to send a delegation of independent persons to provide their impressions, as eyewitnesses living in Chile, of what was happening with respect to human rights. I was appointed as one of the members of the delegation, which also included then minister and former president of the Supreme Court Enrique Urrutia Manzano, union leader Hernol Flores, truck drivers' leader León Vilarín, young lawyers and university union leaders Carlos Bombal and Raúl Lecaros, and agricultural leader Domingo Durán.

Before the (European) trip, a visit to the detention camp called Cuatro Álamos was scheduled, where we were driven and toured the facilities. We were free to talk to the prisoners, which we took advantage of, although at least with me they had little sympathy. There were hundreds, if not thousands, installed in huge barracks with two levels of army bunks. Many were cooking appetizing stews, judging from their scent. We were not given more information about them, neither did they divulge much more to us. They did not accuse anyone of ill-treatment. The general appearance of the inmates was of middle-class individuals, dressed in warm clothes, and the most noticeable activity was the aforementioned meal preparation in their respective quarters. Our questions were answered sparingly, and no complaints were filed.

In Geneva, the Allana Commission received us, and we testified one-by-one before it, being presided over by the pro-mankind Pakistani. Mine was to explain what I had seen in terms of the treatment of the prisoners, which had me promptly dispatched from the large hall, along the way having to bear the burlesque and mocking phrases of leftist European journalists as I passed—especially when I photographed the Allana Commission with my ridiculously small amateur camera. The Allana Group was so unfair that it fell into ridicule—which still did not prevent its reports contrary to the Chilean government being approved by a wide majority. For example, in 1976 the following "verification" was stamped, the text of which will surely make any coeval inhabitant of Chile laugh: "The information received by the group tends to show that the daily life of non-incarcerated children is dominated by the impressions of

soldiers and military trucks."[26] Such an image could only be seen from Geneva by tuning in to Radio Moscow.

Public Opinion According to Gallup

According to a Gallup survey of 1975, the majority opinion of Chileans indicated that 64 percent believed that they were in a better situation than when Allende fell, while only 13 percent believed that it is worse; 73 percent believed that conditions were improving, while 11 percent said they were deteriorating.[27]

An *El Mercurio* editorial commented that the survey "is a true reflection of the reality of public opinion: opinion abroad judges Chile in accordance with the [propaganda of the] communist campaign; domestically, the government is seen as having its difficulties, but in any case is worthy of peoples' trust and as being an unprecedented alternative for these times."[28]

The phenomenon of the difference between what Chileans and foreigners that lived in the country thought about the administration, and what those who lived abroad thought, would be a recurring motif throughout the military revolution. *El Mercurio* attributes the discrepancy to the "communist campaign," congruent with historian Paul Johnson, for whom, as we saw, the demonization of the revolutionary military administration was the KGB's last great success "before being thrown into the dustbin of history."

Active Extremist Violence

The fact is that the country had been visibly pacified. The 1991 Rettig Report later stated that the number of people killed in clashes between subversives and the forces of order, which had been 1,261 between September 11, 1973, and December 31, 1973, had diminished to just 309 for all of 1974, and 119 for all of 1975.[29] The discrepancy between the number of fallen in that period and the more than 1,800 noted in previous citations is derived from the increase added to that figure by the National Commission of Reparation and Reconciliation, which was formed after the Rettig Commission. Many more claims of people came in who, upon seeing

the benefits granted to the victims (post-Rettig Report), also wanted to stake a claim in order to corral some pecuniary benefits.

But the armed left's subversion continued to be active. In September 1975, Mario Carneyro, director of *La Segunda*, survived a personal assault. His newspaper supported the government, and in that afternoon it had been reporting on discoveries of weapons and explosives being stockpiled.

On a parcel of land known as Santa Eugenia de Malloco, a clandestine *MIR* center was discovered. Another one was discovered at the headquarters of the former Communist Central Committee. General Leigh reported a planned subversive attempt to assassinate the president and other high authorities on December 15, and *El Mercurio* reported that the *MIR* had plans to restart the system of kidnappings, assassinations, robberies and assaults in Chile on a large scale, similar to that to which many countries of the world were exposed at that time. A report on a plan to liberate Luis Corvalán through Chilean and Cuban paratroopers supported by landing craft was also sent from Havana.[30]

But the *MIR* was in a critical situation, so much so that a young collaborator of the movement (future two-term president), Michelle Bachelet—whose father, the general of the Chilean Air Force Alberto Bachelet, died in early 1974 from a heart attack that struck him while he was a prisoner in the public penitentiary as a result of playing basketball against his doctor's orders—had been commissioned to fulfill a delicate mission for the *MIR*. She was "entrusted by the leadership of the Chilean Socialist Party: to transfer urgent financial aid to the *MIR*. The situation of the movement is desperate. The socialists know it."[31]

Communism was mainly deployed against the junta abroad. In June 1975, an important meeting of the communist parties of Latin America and the Caribbean was held in Havana and the case of Chile was treated in a peculiar way.

In this regard, Volodia Teitelboim, former senator and high communist leader, expressed: "Chile is a problem for all the countries of the world and it also provides a most vigorous warning siren against imperialist strategy." He recognized some factors: "We are convinced that the outcome was not fatal. One root underlying

the drama is that the counterrevolution got ahead of the revolution… The people should not have postponed resolving the problem of power."[32]

Translation: "We should have hit them with the blow we had prepared before they did." What greater confession could there be about where the totalitarian regime was coming from?

The National Objective

On December 23, 1975, Pinochet presented the country with the *National Objective of Chile*, a document in which he had put a lot of people to work, both civilians and military men, for a long time.

In a free society, like the one that had always been said was sought by the military revolution, it is individuals who mark national paths through the achievement of their multiple personal objectives. But the intelligentsia of all countries, those people whom Paul Johnson prefers to qualify as talkative elites who "dominate the public scene," usually demand some sort of "script" or "story." Governments that do well, in that they do not hinder the development of their respective countries, are often accused of "lacking a story," or of "not having a script." Therefore, even though they did not need one, as was the case with the military government, which in its five initial points of the *Declaration of Principles* issued on March 11, 1974, had already said everything necessary, they strove to construct "a story." Gonzalo Rojas in his book *Chile Escoge la Libertad* synthesized the national objective very well:

> [It] is oriented to preserve the independence and territorial integrity of the nation; to make real the *Declaration of Principles*; to build a political-institutional regime based on the Christian conception of man and society, on the principle of the subsidiarity of the state and fidelity to national tradition; to develop a body of moral and spiritual values; to ensure that the country achieves balanced development in political, economic and social terms; and to project a pacifist and collaborative international policy with friendly states.
>
> The specific objectives are defined according to the areas under consideration. On the inner front, to shape a new

> democracy, creating a political-institutional system that preserves the foundations of a nationalist and libertarian state, and reestablishes Diego Portales' conception of an authoritarian government. In external relations, the state's capacity to promote national defense abroad must be increased through a dynamic and pragmatic policy. On the economic front, development must be achieved that allows for the material and spiritual well-being of Chileans, who should be raised with a harmonious combination of capital, work and [human] nature. Finally, social development must be achieved in harmony with economic development, orienting it to national historical roots, in order to solidify participation and progress in both peace and freedom."[33]

The words *libertarian* and *authoritarian* each appear once; the word *liberty* once, and not once its antonym, *equality*.

International Isolation

The Soviet demonization of the junta, and of Pinochet in particular, had been assumed to have universal effects, but even the people most critical of the regime recognized some features as typical. For example, historian Gonzalo Vial wrote, "in the internal crises of any country it would not be strange to hear from the local *uomo qualunque* —a taxi driver, a store clerk—the same comment, fearful and exasperated, but also hopeful, in 1973: 'We need a Pinochet.'"[34] Such is still happening today—even in Chile.

Pinochet had visited Brazil and Paraguay in 1974. He also had positive contact with the president of Bolivia, Hugo Banzer. And with the former president of Uruguay, Juan María Bordaberry, a constitutionalist who defended the legitimacy of the military power to govern. On his return to Santiago from Asunción, Pinochet had personally interviewed Juan Domingo Perón on the tarmac of the Buenos Aires airport, where he asked him to remove the Chilean exiles piling up at the border, to which Perón agreed with the phrase "Perón may not be quick, but he does come through." At the end of March 1975, when Perón died, he received an invitation from his

widow and Argentine president, Isabel Martínez, with whom Pinochet spoke “in an atmosphere of cordiality and reciprocal respect.”

Finally, in November, following the death of the Spanish ruler Francisco Franco, he decided to attend the funeral and the ceremonial oath of King Juan Carlos. The latter, still a prince, was waiting for him at the Barajas airport tarmac next to Prime Minister Carlos Arias Navarro. Although Soviet propaganda was screaming to stir up some sort of international repudiation of Pinochet, his reception in Spain was very warm, because that country had likewise been considered a “black sheep” of the USSR and endured the consequences accordingly.

Later, Pinochet was one of the three heads of state, along with Hussein of Jordan and Rainiero of Monaco, who attended the king’s swearing-in ceremony and the caudillo’s funeral. The other governors of “free countries” did not attend, because they were panicked by the potential insults that might spew from the pens of the world’s leftists, repeating what was typed from Moscow, where Franco had been a favorite target—before he was replaced by Pinochet.

Yet “a lively popularity surrounded Pinochet on the street,” recognized Vial, who hardly wanted to admit it.[35] Pinochet himself recalled the effect in his memoirs:

> Upon arriving back at our hotel, we found awaiting us at the door a representative group from the Student Coordinating Board of Spain, who wanted to bear witness of its appreciation for Chile, and at the same time manifest their affection. They gave me a souvenir for our visit to the mother country. Those young Spaniards shared a few moments with us and thanked us for attending the funeral of high-ranking General Franco.[36]

Then began the procession to the Valley of the Fallen to bury Franco and, when Pinochet departed, Vial also recognized that, “there was a moment of a tumultuous and multitudinous demonstration in his favor, which still today Spanish attendees remember in a way that is seldom seen.”[37] When he was about to

depart from the airport, he had already been cordially dismissed by King Juan Carlos on the plane's boarding staircase.

A Book by Frei Montalva

The former president (just prior to Allende) had already been turning his support away from the junta toward a critical and oppositional attitude. In 1975, he published a book—permitting onlookers to verify that in Chile there was a high degree of free information flowing, against what "black legend" has said of the administration—*The Mandate of History and Exigencies of That Which Is to Come*, published by Editorial del Pacífico.

In it he disqualified popular support for the government, which later, in 1977, he was forced to recognize. He identified the regime with the "far-right groups" and said of them, "This is your last chance. Your only chance. You all are foreseen to be in an absolute minority in free elections. All interest in you is premised on the current situation remaining the same. The day that it ends you will neither be anything nor anybody."[38]

It was always a Frei predicament: popularity was on the Left. But the only time he won, in 1964, was thanks to the support of the Right, which gave him his unconditional support to prevent the ascent of Marxism-Leninism to power. And it is precisely this calculus that led him and his party to oppose the military revolution.

It certainly could not have been imagined that the two parties to the right of the Christian Democrats that were partisans of the military administration, would end up becoming larger—under a regime of free, key general elections several times over—than the collective he headed. And today, in 2018, both remain much more powerful than his party. I could never have imagined that a right-wing presidential candidate and defender of the legacy of the military government (José Antonio Kast) would garner far more votes than the Christian Democratic presidential candidate (Carolina Goic) in 2017.

Furthermore, in his book, Frei Montalva expressed his skepticism about the success of the market economy: "In the exceptional circumstances of the world economy, and especially the Chilean

one, the government insists on maintaining the functioning of a market-based economic system that could have operated well in another era and under other conditions, but not today."[39] On this point, time would prove Frei wrong, too.

Concentration in Plaza Bulnes

The fulfillment of the second anniversary of the military government culminated with an enthusiastic concentration of people in Plaza Bulnes (across from *La Moneda* presidential palace in downtown Santiago). It was attended by many people who were motivated by the unjust approval of the "annual accusation" about human rights abuses in Chile by the respective United Nations commission. In a speech that night, Pinochet made a bold proposition:

> We have the peace of mind of him who works according to superior and invariable principles. That is why our borders have remained open to all those who want to visit us, even though it was often evident that some only came to our country to strengthen the adverse prejudice that they had already adopted. We even allowed entry into the country and uninhibited work of several investigative committees, which no legal norm obliged us to accept. What governments, among those who condemn us, can exhibit a similar example?
>
> Nevertheless, and to make clear the high spirit that animates it, Chile recently presented a transcendental project for broad agreement on future human rights research to the Third Committee of the United Nations General Assembly.
>
> It proposes a mechanism that would allow the United Nations to have a human rights investigative system of a universal, mandatory and automatic nature, at the same time based on stable and objective rules for the generation and work of investigative commissions.
>
> I could say, in a few words, that we are trying to agree on a system that, respecting the characteristics of each culture or geographical area, will be of general and obligatory application for all countries. This would prevent any attempt

> by the great powers to impose on small and proud countries whatever powers they have to elude either them or those who submit to their imperialism.[40]

Activism of Foreign Priests

“In a climate of revolutionary ardor such as this,” says author James Whelan, “it was, of course, inevitable that many ecclesiastics would unite their lot with that of the men and women who fought with weapons and bombs for the sake of the ‘revolutionary gospel.’ The foreigners, along with a certain number of Americans, stood out among them. At the beginning, the authorities remained silent, as when they expelled Father Robert Plasker in September 1974. Father Plasker, a member of the Congregation of the Holy Cross, was a professor at the exclusive Saint George’s College, in Santiago. The government simply noted that his expulsion was due to his activities ‘contrary to the government.’”[41]

Here I insert a parenthetical remark, because I met Plasker personally when I enrolled my two oldest children in the same school where I had also been educated, Saint George’s College. In 1968, after enrolling the second one, the head teacher of his course, Father Plasker, called the parents of students to a meeting, where he told us that we were going to constitute ourselves as a cell to debate change in our society.

I turned to the older priests, who had taught me when I had studied there, fifteen years before: priests Huard, Send and Provenzano. I expressed to them that I did not agree that the parents of students would be placed into groups “to change the society,” because what I expected from the school was that they would educate my children and not me, something that they had already done, for good or for bad. Moreover, in any case, I did not want them to instruct, either my children or me, about how to “change society,” but rather in the specific branches of education required to fulfill the roles that my children chose in life.

The older priests told me that they agreed with me, but that the new tendencies of the school were in the hands of other religious men who constituted a majority now and thus they could do nothing.

Then I pulled my children out of Saint George's, taking advantage of the fact that another high school directed by the Opus Dei congregation had been founded. After making sure that they would not be founding cells to change society, but instead teach them Spanish, mathematics, natural sciences, religion, physics, chemistry, philosophy and other branches that enabled them to perform well in life and, when the time came, to choose an activity or profession according to their personal vocation, I enrolled them in the Tabancura School, where they finished their secondary education—end of parentheses.

"The government also took action," continued Whelan, against a priest born in North America, Gerard Whelan, former rector of Saint George. Authorities said he had hidden the third *MIR* chief in his house—fugitive Martín Humberto Hernández Vásquez, a member of the *MIR*'s political commission—who later buried an AKA rifle, two grenades and a pistol in a vacant lot. Father Whelan, who had renounced his American citizenship in 1972, was one of several priests and nuns who were caught in that raid. Four Americans—Father John Devlin, priest of the Holy Cross, and three nuns, sisters Paula Armstrong and Barbara Nelson, of the Order of Notre Dame, and Peggy Lepsio, of the Maryknoll order—were also involved. (There was information that Father Devlin had helped Andrés Pascal Allende, the *MIR*'s boss-man, to escape from Chile. (Author's Note: Pascal was also a former student at the school.) Another American priest, Father Daniel Panchot, also a member of the order of the Holy Cross, was arrested next. All the Americans were deported, but only after the government accused the US Embassy of hiding the nuns while negotiations were taking place to obtain safe conduct for them to leave Chile. That same investigation resulted in the arrest of Dr. Sheila Cassidy (author's note: see her case discussed in the next three sections) who was the center of the subsequent fury and reprisals against Chile initiated by the labor government in London.

Father Whelan and three Chilean Jesuit priests—including Father Fernando Salas, the first director of the Pro-Peace Committee—were arrested and awaiting trial. In the wake of this raid the administration pressured the Church to dismantle the committee;

then it released the four priests (along with 160 political prisoners) as a conciliatory gesture.[42]

Crisis in Chilean-British Relations

On December 29, 1975, Dr. Sheila Cassidy was expelled from the country. This case muddied Chile's relations with Great Britain, whose Labor government magnified it intentionally and went so far as to illegally retain (Chilean) Air Force Hawker-Hunter planes, sent there to be repaired, at a critical moment when Chilean sovereignty was being threatened.

Sheila Cassidy had medically treated a (leftist) guerrilla fighter—Nelson Gutierrez of the *MIR*—injured in a confrontation with security forces. That behavior of the doctor would certainly have earned her some prison time in Britain, if she had treated—without informing the police—for example, a wounded Northern Ireland guerrilla. But the Labor Party undertook a twisted publicity stunt and the Chilean government then opted to expel her, thus losing out on the opportunity to enforce the required justice in the matter.

The case resonated worldwide and served to deteriorate to a maximum extent the image of the junta and reduce relations with Great Britain to their lowest level. Yet another perspective also existed about the junta, different from the one that predominated in the rest of the world. I reproduce the version of historian Teresa Donoso Loero, author of *Los Cristianos por el Socialismo en Chile* (Christians for socialism in Chile).[43]

> In contributing to the overall appeasement, it is fitting to repeat the words of Monsignor Augusto Salinas, Bishop of Linares [in South Central Chile]…in the specific case, then, in which *miristas* [members of the MIR] have been harbored, the priest who proceeds to do so, being a religious man, has thought—according to the words I have heard—that he would have fulfilled a precept of charity. Nevertheless, he has apparently not thought that he had in reality helped spread a doctrine destined to disdain charity, destined to kill many people, to pull down the principles of the Church and the

homeland. Therefore, such action may not be properly called charity. It is rather the lack of it.

The Joys of Sheila Cassidy

British doctor Sheila Cassidy was another practitioner of this curious type of charity. Arrested on November 1, 1975, for her involvement in the Pascal-Gutiérrez case, she was set free and sent to her country of origin with a courtesy safe-conduct on December 29 of that same year. She left Pudahuel (in northwest Santiago, where the airport is located) with a smile of such magnitude and consistency that it has since become historic.

> Nothing, then, could have foreshadowed that the doctor, so healthy and happy, wove in London a web of intrigue of such detail against Chile that she managed to create a very delicate situation between Great Britain and the Chilean *Junta*, recalling the British Ambassador to London and promising that accusations would be brought before the Human Rights Commission of the United Nations.
>
> From the glee that radiated from Sheila Cassidy at the Chilean airport, gave faith Monsignor Jorge Hourton, supporting Bishop of Santiago and Vicar of the Northern Sector. His “Goodbye to Dr. Sheila Cassidy” was, with that title, published on January 11, 1976 in *Christian Community*, a weekly supplement of the magazine *Church of Santiago*, (an official publication of the archbishop). It should be noted that *Christian Community* was distributed freely and abundantly in the parishes of Santiago. Later on, this *goodbye* of Monsignor Hourton, was published and disseminated in Santiago while the “testimonies” of Dr. Cassidy throughout Europe made Chile out to be a slaughterhouse of human rights.

Goodbye to Dr. Sheila Cassidy

> *We went to say goodbye on Monday the 29th—a bright sunny afternoon. We only saw her through the panes of Pudahuel’s doors; Then she happily boarded the bus that brought her to the plane.*

Among other undefined persons, she climbed the steps of the gigantic apparatus, a white figure cut out on the horizon of the distant city. From one "cage" to another, through the contours she found, she pulled out her long arm and showed her cheerful laugh responding to the affectionate farewell of her friends. I waved the same hand that touched so many sick bodies in our polyclinic of the northern sector, where so many knew and wanted, a transparent and sincere evaluation, incapable of bending and violence, we know very well.

Her final "cage" was the immense steel bird that swallowed her generously. When it rose up in the unpleasant noise of its turbines, it seemed that the majestic bird was carrying an olive branch on her bow.—Jorge Hourton, Vicar of the northern sector.

Of the countless stories of terror disseminated by Dr. Cassidy, it is worthwhile to find the one published by the Italian magazine *Gente*, the work of journalist Franco de Giorgi, reported from London and published under the fashionable title: *Torturata da Pinochet* (tortured by Pinochet). There were several decisive phrases:

"*She is one of the few people who managed to get out alive after such an experience*" (the journalist says, referring to the arrest and release of the doctor). "*I convinced him*" (Nelson Gutiérrez)—says the doctor—"*to seek safer refuge… I did not report what happened to the police because that would have amounted to his death sentence*" (Gutiérrez's death sentence). "*Andrés Pascal Allende, explained the doctor, a relative of the assassinated President… Torture had also provoked an infection…*" concluded the doctor, according to the Italian journalist's transcript." [Emphasis in the original.][44]

Annual Economic Balance

In 1975 the country had resolved to "tighten its belt." The strictness of Cauas and the good intuition of Pinochet made the great sacrifice that had to be faced possible. And the cost was obvious: GDP fell by 12.9 percent during the year and the unemployment rate jumped to 16.2 percent in greater Santiago, even though because of that fall

inflation dropped as well: from 375.9 percent to 340.7 percent, which was the CPI's increase that year.

The investment rate (gross formation of fixed capital) also fell, from 17.4 percent to 15.4 percent of GDP. But the fiscal budget deficit was equivalent to 2.6 percent of GDP, only a quarter of the figure of previous year. Public finances were balanced.

The balance of the commercial account turned negative: –118.3 million dollars. The current account of the balance of payments, which includes the commercial account, interest payments and credit changes, more than doubled its deficit, to –491.3 million dollars. The balance of payments capital account had a surplus of 564 million dollars, more than double that of the previous year.

The balance of payments was negative: –344 million dollars. External debt increased to 4.267 billion dollars, mainly due to greater private indebtedness.[45] Gross international reserves of the Central Bank were exhausted and then reached a negative figure of –129,200,000 dollars, with a loss of 223,200,000 dollars compared to the same figure at the end of the previous year. It was, indeed, the deepest part of the crisis.[46]

Chapter 4

1976: A Stabilized but Beleaguered Country

Five Days in Uruguay

Pinochet had cultivated a solid friendship with president and Uruguayan constitutional lawyer Juan María Bordaberry, a statesman who never retreated in the face of Marxist rhetoric and propaganda. He stood fast in his opinion that the real responsibility for violence and bloodshed in our hemisphere has been communist ideology and the Soviet-Cuban armed interference.

From this thinking he had deduced a theory about the necessity of the military administrations in our countries, which without them would have become, in due course, a fatal guerrilla-ideological "domino" in the world-communist sphere led by the USSR. His thinking was most similar to Spanish absolutist doctrine (stemming from Carlos de Borbón succeeding Fernando VII of Spain instead of enthroning Isabel II). Paradoxically, he was deposed two months after Pinochet's visit because he rejected a statement from the Uruguayan Army in which they demanded the reinstatement of free elections. He wanted a military administration, but the military did not!

After Bordaberry's visit to Santiago in 1975, he invited Pinochet to Uruguay, which the Chilean president did in April 1976, where he was received with the highest honors from the government and the Army. Symptomatically, he was invited to visit a "jail of the people" of the Tupamaros, the Uruguayan terrorist movement that followed the most prominent Latin American serial killer, Ernesto "Che" Guevara, duly exposed and denounced before the international community by Argentine author Nicolás Márquez.[1]

The “people’s jail,” on a street in Montevideo, had characteristics similar to those of the enclosure that the communist *FPMR* group used decades later in Santiago during the kidnapping of journalist, son of the owner of *El Mercurio*, Cristián Edwards. Pinochet went through the “jail” with genuine interest in noting the details of that cruel artifice of the kidnappers and assassins of the extreme Left, against which his administration was defending Chileans.

The last day in Uruguay was spent by Pinochet and his wife on the Bordaberry ranch, near Montevideo. There was a sincere friendship between both statesmen, based on shared common ideals, excepting that Pinochet would end up being willing to lead his country back to a democracy rather than have some permanent military administration, which Bordaberry candidly favored.

Problems with Religious People and the Roman Catholic Hierarchy

From the beginning of the military revolution it was obvious that the extreme Left sought to rise up within the Catholic Church, using its dependencies as “sanctuaries” or shelters to evade the action of the security services. Former Secretary of the junta, Commander Mario Duvauchelle, referred in his memoirs (written in third person) a deciding experience:

> The commander, at the beginning of the military government and being a devout Catholic, attended mass every day. One day the superior of the congregation in charge of the sanctuary told him:
>
> —As you know, my congregation is willing that one day a week the priests dedicate themselves to hearing confessions… Now, during the time since the change of government there has been a curious situation with the administration of this sacrament. The sins of those who confess here, ninety percent of the time, refer exclusively to their hatred against the military and their inability to forgive them…the climate is such that my priests are asking to be transferred to another parish… A society in which phenomena

occur as I have told you is a sick one. It is hardly tenable that things continue going on in this way.

The commander felt overwhelmed and decided to go to the head of the Naval Intelligence Service, another Catholic man like him. But he told him:

—Unfortunately, the only thing I can do is keep an eye on the facts you have given me, in case there is a situation where someone is not bound by the secret of confession—as you and I are indirectly bound now—to give me some information then there might be hope… However, we must not miss opportunities, and if some miracle happens I will be sure to tell you the facts.

The fact was that the commander came to know everything that was happening in a partisan cell near the parish, in one of whose sessions, apart from incorporating new members, he realized the success of the “confessions” campaign that the president of the cell—an atheist, by the way, like all the other members—had devised. Just one of the new recruits known to the commander, Beto, made some objections to the campaign during the meeting, but did not encounter a response.

Full of scruples for the deceit being incurred at the expense of the good faith of the priests, Beto went to talk with the president of the parish counsel and confided in him regarding the difficulty he had felt by deceiving people, particularly when making a false confession. In fact, he told him everything.

The commander continued to go to the parish daily. One day, the prior hurried to him and told him: “Commander, I beg you to forget everything we talked about last time. I was with a person yesterday who stood out for his apostolic work… We had a surprising conversation, the sordidness of which I prefer not to discuss with you. But I can tell you that, after he went his way, all my priests were resolved not to insist on being transferred to another parish. It was a misunderstanding, which fortunately has now been completely overcome.”[2]

The government was aware of the links between priests and religious people, not only Catholics, but also with subversive groups. And in November 1975, the *DINA* arrested several evangelical pastors and lay officials who worked in the Pro-Peace Committee of the archdiocese. Lutheran Bishop Helmut Frenz, after taking a trip, was forbidden to return to the country. Cardinal Silva Henríquez said that that action sought to dismantle the Pro-Peace Committee. Pinochet met with him and asked him to dissolve it or else he himself would be forced to do so, since he had information that an organized structure operated within it that deigned to attack the government and defend terrorists. Moreover, at the beginning of 1976 there were several foreign priests arrested and it is reported that a "politicized sector of the clergy, in union with some Christian Democrats and Christians for socialism" was acting, which in the opinion of the *DINA* implied a concertation among some recessed parties that were part of the Catholic Church.[3]

Recall of the British Ambassador

Following the detention of Dr. Sheila Cassidy for providing medical aid and harboring *MIR* terrorists, as we saw in the previous chapter, the British Labor government of Harold Wilson—who after his inauguration suspended both economic aid and delivery of armaments and spare parts for equipment and planes sold to Chile—proceeded to recall his ambassador. Doing so left diplomatic relations at the level of the business administrators for almost three years.

This British attitude revealed the United Kingdom's complete lack of understanding about the problem of terrorism in Chile. It was, of course, a greater threat than that of the Irish Republican Army's terrorism for them, which turned also the British government in a subject of accusations of human rights violations.

On the one hand, the communists themselves, together with recognizing the existence of *mirist* terrorism, of which Dr. Cassidy had become an accomplice, criticized it, considering it to be "premature and inorganic forms of struggle, easy to defeat, definitely lending itself to the disenchantment of antifascist armed forces." On

the other hand, they feared that these actions would frighten Christian Democrats and thus keep them from participating in the antifascist front. According to Radio Moscow, Christian Democratic leader Radomiro Tomic had so participated, all the while showing his habitual poetic abuse, considered the defeat of the military *Junta* to be "imminent" and referred to the existence of a dissident segment within the armed forces.[4]

Radio Moscow also broadcast a speech by former Socialist senator, Carlos Altamirano, on the forty-third anniversary of the Socialist Party, in which he said:

> A revolution is defenseless when the bourgeois counterrevolution maintains a monopoly of the force of arms. This was the essential error: overvaluing our national peculiarities, the apparent democratic and civilized vocation of the Chilean bourgeoisie… There is no other way than a revolutionary mass struggle, necessarily armed, at the opportune and decisive moment.[5]

Vicarage of Solidarity

Pinochet's request that Cardinal Silva Henríquez shut down the Pro-Peace Committee, was "welcomed," and in January 1976 the Vicaría de la Solidaridad (vicarage of solidarity) was founded as its successor. However, for the military government this change was unfavorable. Historian Gonzalo Vial, who became averse to the military government after having been its education minister (who was abruptly fired by Pinochet), praised the Vicariate: "The Vicaría saved many lives," he wrote. "In passing, it accumulated an enormous amount of documentation and information about human rights abuses, forming the basis of the Rettig Report [of 1991]."[6] This recognition is very important because José Manuel Parada, the Vicaría's librarian was simultaneously a high-level communist militant and leader of the armed faction of the party: the Manuel Rodríguez Patriotic Front (FPMR).

What can be said about the impartiality of the archives of the Vicaría—and therefore of the Rettig Report—if they were generated

by a high communist-terrorist leader? What can be said about the impartiality of the aforementioned report, if the documentation which it produced had been drafted under the direction of a high communist leader?

Parada infiltrated the archdiocese very skillfully. First, he worked as a driver for the Vicaría. Then, taking full advantage of his personal gifts, he was promoted to be in charge of the historical heart of the body: the library. He took advantage of this position to recruit new members for the FPMR, as was confessed to security forces in 1986 by guerrilla Alfredo Malbrich Labra, imprisoned for aiding the Communist Party to import and stockpile armaments from Cuba. He confessed that he had gone to the Vicaría in 1979, where Parada had recruited him to join the FPMR.[7]

Return of Leftist Bishops from Ecuador

A trio of Chilean leftist bishops went to Ecuador to attend a meeting of the "progressive" hierarchy and clergy, that is, leftist adherents (within the Roman Catholic leadership). They were Enrique Alvear, Fernando Ariztía and Carlos González, who were characterized as being opponents of the junta.

The military government of that country had forcibly interrupted the activities of the prelates and, after holding them for twenty-four hours, expelled the foreigners from the territory. The three Chileans were among them.

Youthful, right-wing catholic activists who called themselves *gremialistas* (who had been organized by Catholic University Professor Jaime Guzmán in Santiago—a group that would later become the right-wing party *Unión Democrática Independiente* or *UDI*), who were also supporters of the Chilean government, greeted the three bishops with hostility at the Pudahuel airport—an act that lent itself to considerable scandal. Authors adverse to the administration described these activists as "about three hundred protesters, all agents of the *DINA*," but that was not true. There may have been some agents among the attendees, but the youthful activists, completely unrelated to the *DINA*, were the ones who staged the act of repudiation and carried posters labeling the prelates as "sellout

priests" and "sons of Marxism." Indeed, the head of the *DINA* manifested his animosity against Jaime Guzmán, head of the *gremialistas*, whenever he could. Any coordination between the former and the latter was unthinkable.

Christian Democrats Seek out the Communists

In the article, "Secret Documents" (*La Tercera*, July 4, 1999, page 6 of the supplement), it was reported that in 1976 Eduardo Frei Montalva met in Washington with Enrique Kirberg, a member of the Communist Party Central Committee, where he proposed to establish a kind of "secret cooperation" between the Christian Democratic Party and the Communist Party.

This agreement culminated in a trip to Moscow by lawyer Máximo Pacheco Gómez, who had been Frei's ambassador in Moscow, where he met with Luis Corvalán, a communist leader. "Both signed a document," says *La Tercera*, "in which they pledged to 'join forces in the struggle against the dictatorship.'"

Frei returned to the pro-communist path that had only led to failures in his political life. He had been the author of the famous maxim, "the only thing worse than communism is anti-communism." He had governed (1964–1970) in light of both his own political aspirations and some older ones of the Communist Party, such as the drastic, massive, and confiscatory agrarian reform, which destroyed the backbone of Chilean agriculture. Yet the only electoral result gained by his designated successor Radomiro Tomic was a third place showing in the presidential election of 1970, coming in after Allende and Alessandri.

The rise of a Marxist to power caused Frei his greatest political loss in life: confirmation that he had become the *Chilean Kerensky*, as was prophesied in a book by that title written by Brazilian Fabio Vidigal—which had been dedicated to Frei. This led him to become an architect of the intervention of the armed forces in 1973, testimony to which was left in the Rivera Act (of July 6, 1973, an unprecedented plea to save Chile from imminent communist dictatorship). It was brought up following his meeting with industry leaders in June 1973, during which time he sent them to plead for

the intervention of the commanders in chief (of each military branch) in order to put an end to the Popular Unity regime, as being, in his judgment, the only solution to the problems beleaguering the country.[8]

The Discouragement and Resignation of Aylwin

In 1976, former senator Patricio Aylwin was president of the Christian Democratic Party which, despite having been dissolved, continued to operate in accordance with its internal regulations. Accordingly, he agreed to "appoint as subrogate former senator Andrés Zaldívar, leaving as vice presidents Tomás Reyes, Rafael Moreno, and Máximo Pacheco." Aylwin declared thus:

> Poisoned psychically by so much adversity, with clear signs of my health being broken—my weight had dropped to 65 kilos, despite being 1.8 meters [five feet, eleven inches] tall—and warning signs that discouragement was now overtaking my comrades (despite the good intentions of so many), who always showed a greater disposition to criticize than to collaborate. Thus, I felt that the time had come to leave off being party leader.[9]
>
> That is how the three and one-half hardest years of my life ended—without any grief or glory, but with the consciousness of having fulfilled my duty—which had begun when, in April 1973, I was elected president of the Christian Democratic Party.
>
> A few days later, explaining his decision in a letter to Jaime Castillo dated November 22nd, he stated that three things had come together: the physiological fatigue and boredom that came from three years of hard work that was so little understood and shared, along with the conviction that I could serve better if I were devoted fundamentally to working on an alternative project—to which I hope to dedicate myself with absolute preference—and the desire to have the personal freedom necessary to bear the responsibility alone and without involving others when my conscience leads me to do

> so. And those three reasons led me, after serious meditation, to conclude that once the initial stage was completed, the best thing for everyone involved would be for me to withdraw and then form a new team that would take over the party's leadership.[10]

Rights Guaranteed to the People

In January 1976, Decree No. 187 prohibited secret places of detention and required that any arrest had to be accompanied by an order signed by the head of the security agency responsible for it, stating both the names of those who ordered and executed it, as well as the place of detention, ensuring that family members would obtain a copy.

Based on that supreme decree, the chief justice of the Supreme Court, José María Eyzaguirre, visited the detention camps at Tres Álamos and Cuatro Álamos, in the Metropolitan Region, and found various irregularities. For instance, the register of detainees was incomplete, some of the prisoners alleged they were being held without receiving an arrest warrant, and others reported being tortured.

When he received the report of the high magistrate, the minister of justice, Miguel Schweitzer Speisky, a lawyer of repute and university professor, visited the camps of detainees on his own and, surprisingly, was accompanied by its undersecretary, Navy commander Mario Duvauchelle, along with the directors of the National Health Service and the Legal Medical Institute. The commander was resolved to inform the president about what he observed during the visit:

> For his part, Duvauchelle personally reported burn marks on the hands of some detainees and unhygienic conditions that allowed the proliferation of fungi. Pinochet called Contreras and spoke harshly to him. To Duvauchelle he simply said: "These things happen because there are people who do not understand." The director of the *DINA* waited for Duvauchelle to leave and, in a threatening tone, referred to the undersecretary's family. Duvauchelle demanded that he

> repeat those comments in front of the President, who reacted angrily and with “what he did was unacceptable; the next time will be his last.” In recriminating Contreras, Duvauchelle simply states that “Pinochet let him have it.”[11]

Not long afterward, the star of Colonel Manuel Contreras fell. Despite his effectiveness in combatting extreme Left terrorism, his procedures did not comply with the instructions of the junta and the president with regard to respecting people’s rights.

The Chief Justice of the Supreme Court, Eyzaguirre, had also represented to Pinochet that *DINA* officials who were summoned to tribunals to declare their reasons underlying an arrest made in November 1974 did not show up. He reminded Pinochet that his own supreme Decree No. 187 ordered that arrests must be accompanied by an order signed by the head of the responsible security agency, noting, too, the place of detention where the prisoner would be taken, and that the detainee’s relatives must get a copy.

The president replied that the *DINA* is not a police entity, but rather a military agency with special characteristics, so its situation is different. “The *DINA*,” says Pinochet, “does not confront criminals, but Marxist subversion, which is an enemy with many militants and institutions. Consequently, the identification of members of the *DINA* and their code signs [names] would subject them to reprisals and attacks.” Pinochet then suggested that the judges go to *DINA*’s facilities in order to question the personnel involved.[12]

The Chief Justice of the Supreme Court then visited the Puchuncaví detainee camp (near the coast, a couple hours northwest of Santiago) and made several observations. The minister of the interior reported that several detainees there had been released and, for those who had not, he affirmed that fact was due to the *DINA*’s refusal to let them go. “As you can see, there are many concurrent incidents that permit the president to consider the *DINA* to be a real headache. Gradually, he had been learning about the complaints pertaining to it and thus had been limiting its actions by means of General Covarrubias.”[13]

Firsthand Episode

In the biography of Brigadier Miguel Krassnoff, written by Gisela Silva Encina, one encounters the following episode—a true reflection of the terrorist problem in Chile:

> On February 24, 1976, at the *DINA* barracks, a telephone call was received from the *Carabineros* indicating that, based on information provided by neighbors, a terrorist stronghold possibly existed in a sector of the Lía Aguirre slum in La Florida (bus stop No. 14 on Avenida Vicuña Mackenna) [South Central Santiago].
>
> Lieutenant Krassnoff and three of his men were assigned to check the place out, arriving at around 10:30 in the morning. As they approached the suspicious house, they were greeted with long bursts from automatic weapons, fired from the interior. Lieutenant Krassnoff immediately observed that the projectiles fired by the terrorists were penetrating the walls of adjoining houses, for which reason he issued orders not to return fire and asked the *Carabineros* to evacuate the neighbors first. While complying with this measure, designed to protect innocent people, from the back of the house occupied by the terrorists walked a little girl, perhaps four or five years old. Scared by the shooting, the little girl apparently wanted to leave the place. Immediately, Lieutenant Krassnoff ordered one of his subordinates, *Carabineros* 2nd Sergeant Tulio Pereira, to carry the girl to safety. The petty officer hurried to comply with the order, taking the child in his arms and advancing with her, slightly leading with his open side to protect her with his body. Unexpectedly a side door of the house opened, and a hand appeared that grabbed the petty officer by the hair and—with brutal violence—threw him on his back and shot him four times with a 9mm gun—through the body of the poor creature. Both died instantly, before the horrified onlookers (companions and neighbors) who witnessed the events from further away. The police had to make an extra effort to contain the neighbors who, furiously

(for good reason), wanted to get involved with the confrontation by lynching the terrorists and setting fire to the house in which they were holed-up.

Finally, with the support of the *Carabineros*, who surrounded the outer perimeter of the place, the confrontation ended when the armed resistance from the interior of the house ceased. Eight *MIR* terrorists died there, who were in charge of maintaining a clandestine foreign communications linkup. Upon storming the premises, sophisticated radio communication devices, satellite dishes, abundant documentation, false identity cards, as well as a large number of weapons and explosives were found. The eight dead terrorists had no identity documents and their bodies were later removed by staff of the Medical Legal Institute (it is worth remembering that today—more than thirty years later—it is certain that they were included in the number of detained-disappeared persons for whom some people are still now paying for the crime of "permanent abduction").[14]

Foreign Intervention

French writer Suzanne Labin, author of *Stalin the Terrible*, revealed the truth about what was going on within the USSR twenty-five years before Solzhenitsyn, wrote about Chile:

> World opinion is outraged when it hears about the ITT and CIA maneuvers against Allende, but it does not blink—has it even been informed?—in light of revelations about the meddling of the American State Department with Pinochet. Meanwhile, on March 1, 1976, nationalist leader Pablo Rodríguez accused the US ambassador in Santiago, David H. Popper, of "shameful intervention in the internal affairs of Chile," and demanded that he be declared a *persona non grata* because his actions tended not to strengthen ties between the peoples of the United States and Chile, but instead created internal divisions and notions regarding overthrowing Pinochet (*La Tercera de la Hora* [now simply called *La Tercera*]).

> These accusations by the Chilean nationalist [political movement] leader seem all the more plausible given that the history of Ambassador David H. Popper reveals his extreme left opinions, as informed in a study regarding him that appeared in the United States' publication, the *Herald of Freedom* on April 23, 1976… David H. Popper was registered in the famous list of "security risks and subversives," that is to say, of subversive human elements that constituted a risk to the security of the USA, and that was submitted to the Secretary of State by the deceased Scott McLeod in 1956. It is reported that David H. Popper was introduced into the American administration by the famous Alger Hiss in 1945 and that he worked for him. After Alger Hiss was sentenced to ten years in prison for his subversive activities favoring Moscow.
>
> Publication 4861 of the hearings of the American Senate shows that David H. Popper was an affiliate of the Pacific Relations Institute, specializing in pro-Soviet propaganda…"

After listing other leftist commitments and with Popper's communism, Suzanne Labin concludes, "The nomination of David H. Popper as ambassador in Santiago, under Pinochet, cannot be considered as being anything other than a conscious provocation. Doing so would be exactly the same as if the French government had sent me, Suzanne Labin, as ambassador to Moscow."[15]

My Round with Popper

Around the same time, I was invited to a luncheon at the American Embassy, accompanying the Director of *El Mercurio*, René Silva Espejo and several editors.

As the ambassador had formulated critical expressions against the military government, and I considered them unfounded, I contradicted him in the middle of lunch by calling out his informational errors. He had to endure it diplomatically, but I saw and heard later how he vehemently rebuked the embassy's press secretary, who was a friend of mine, for having invited me to lunch; and surely, he strictly forbade him from doing so again.

That veto against me was only lifted after Reagan acceded to the presidency of the United States and sent as ambassador the distinguished writer James Theberge who, unlike Popper, not only invited me frequently, but also did much to improve good relations between his government and ours, and to foster a more effective understanding the reality of Chile's circumstances in the United States.

The OAS Assembly in Santiago

Perhaps the main event of 1976 was—at least for the Chilean Government—the celebration in Santiago of the General Assembly of the Organization of American States (OAS), as had been scheduled during the previous year. The Soviet siege was not enough to boycott Chile as the venue.

The fundamental point of the campaign of the USSR against our country was that the Chilean reality should not be revealed internationally, since life in our country had become much more pleasant, calm, and prosperous, of course, than that which had existed under the Marxist-Leninist government of Allende. The horror painted everywhere by the propaganda that emerged from the Department of Disinformation of the KGB was completely foreign to what was known locally.

It was symptomatic, as noted above, but it is worth repeating, that the European and North American residents of our country were sympathizers of the administration, while in their countries of origin it was execrated by their own relatives, friends and co-religionists.

The Mexico of Echeverria, faithful follower of the Soviet dogma, declared that no representation of his government would come to the OAS assembly, but no other country followed suit. President Pinochet kicked off the meeting with a speech. The main character of the event was Secretary of State Henry Kissinger, who always supported the government of the Chilean *Junta* "in whatever way that was politically feasible." Yet he had to "save face" before the American liberals and "for the peanut gallery" it was announced that he had "starkly" raised the "matter of human rights," in a meeting lasting an hour and one-half with Pinochet. Nevertheless, the

secretary general of the OAS, Argentine Alejandro Orfila, took the upper hand and asked to visit the “Tres Álamos” and “Cuatro Álamos” detention centers and “provided them public approval.”[16]

Furthermore, the *DINA* and General Contreras suffered an unexpected blow. Through his influence, Contreras obtained a Chilean residency visa for anti-Castro Cuban Rolando Otero, who was very resentful of what he called the “American betrayal” of his movement to overthrow Castro. The FBI considered him to be a risk to Kissinger’s safety and demanded that he be delivered to them, which the *DINA* had to comply with. Afterward, Otero got his revenge against the *DINA*, identifying Townley as being one of the passport holders who traveled to the USA in order to assassinate Letelier.

But the normalcy of the OAS meeting, and the worldwide dissemination of the clear tranquility and security of Santiago that served as its venue, were points favoring the junta’s international image. Pinochet himself recalled in his memoirs that he met with Kissinger and other Chilean and American officials for more than an hour, “mainly discussing economic aspects… They also talked about the issue of human rights.”[17] American historian James Whelan adds some other interesting precedents:

> On June 8, the day after he delivered his speech at the OAS, Kissinger met with Pinochet for an hour and ten minutes. The United States Ambassador, David Popper, was at that time not only a *persona non grata* for Pinochet, but also for Kissinger… Before entering an official luncheon, he was separated from his small retinue during that meeting. Kissinger excused himself, in order to have a private conversation with Pinochet. Neither of them disclosed what had been discussed during those five minutes.
>
> That conference was the last major international event that Chile would host for many years to come. No other cabinet-level American would visit the country over the next seven years, and when someone finally did, he found that he had been indirectly, but clearly, repudiated by his own State Department.[18]

These were times in which Latin American leaders had to choose between submitting to communism or subjecting themselves to American hostility for fighting it!

The Power of the DINA Is Weakened

In effect, General Sergio Covarrubias had managed to convey to the president his concerns about the problems related to human rights abuses. Admiral Merino "was gradually withdrawing his *DINA* officers, because he did not know exactly what the agency was all about." General Mendoza expressed similar concerns and promoted a "coordinating council" of security agencies.

In mid–1976, the president himself asked for the formation of courts to investigate abuses committed by Armed Forces personnel in carrying out their internal functions. Months later, General Brady, minister of defense, would send a letter to the different branches, reminding them of the penalties established in the penal and military justice codes against those who committed abuses. Moreover, in September 1976, the president also disavowed the *DINE* (Directorate of Intelligence of the Army) that had officially informed Chilean military attachés in various embassies to require ambassadors to rebut attacks against the Chilean government and to entreat embassy security officers to report directly to the *DINE*—even behind the back of the head of the mission. "The President clearly stated that they were unaware of the ambassadors' powers."[19]

Trait of a Less-Rigid Dictatorship

More than once, Augusto Pinochet, in his improvised, informal comments, asserted that his government was or had been, not a dictatorship, but a *dictablanda* (a softer, less-rigorous dictatorship relative to other models). The latter episode had preceded the founding of the weekly magazine *Hoy* (today), related to Christian Democrats and, therefore—at that time, an opponent—which first appeared on June 1, 1976, with the government's permission.

Its director was journalist Emilio Filippi, who was virtually a Christian Democrat. He had previously directed the older, traditional weekly magazine *Ercilla* (a last name), owned by businessman Sergio Mujica. *Ercilla*'s criticism of the military government led to constant conflicts with the authorities, such that, at the beginning of 1976, Mujica decided to sell the weekly to the Cruzat-Larraín economic group—a supporter of the military government. Surely, doing so came at a high price, due to the magazine's widespread prestige and tradition.

Obviously, the "monopoly" that *Ercilla* enjoyed and that guaranteed its high circulation numbers, was derived from its role as an opposing force—and there were few at that time (although they became more frequent afterward). If it had ceased to be such an opponent, it would have lost its monopoly power, which indeed happened, because its director, Filippi, as well as his journalistic team, resolved to resign rather than work for the new pro-government owners.

However, their leap was not in vain because Cardinal Silva Henríquez, openly close to the Christian Democrats, had arranged with a Dutch Catholic foundation, the "Catholic Organization for the Co-financing of Development Programs," for the funding needed to publish a new opposition magazine that equaled *Ercilla*. It had another name: *Hoy*. After two months of paperwork and reticence, the *dictablanda* authorized the latter and the new weekly magazine appeared, obviously costing the recently sold *Ercilla* a good number of readers.

Of course, that periodical has continued through today (2018), while *Hoy* lasted only until 1988, when its team decided, based on the political openness that the military government was putting into effect, to start an opposition newspaper instead: *La Epoca* (the epoch). But this newspaper existed only while the military government was in power and the Dutch money that subsidized it continued to flow in. Already under full democracy, after 1990, the flow of foreign cash stopped and *La Epoca* could not stand on its own feet. The Europeans simply did not want to put up the money if there was no "dictatorship" that justified propping up some adverse press.

By the way, I experienced a charming episode when I was director of *La Segunda*. The finance minister, in 1978 or 1979, tipped me off to some top-secret information, in a section of the newspaper called "top secret" that revealed truly unknown things. He called me and told me over the phone that he had been at a cocktail party with the Dutch ambassador and that he, with some degree of alcohol in his body to loosen his tongue a bit, had told him that *Hoy* magazine received a generous Dutch subsidy.

I proceeded to publish the top secret, and as expected, I received an indignant call from the director of *Hoy*, Emilio Filippi, demanding that I reveal the source from whom I had obtained such "absolutely false" information. I told him I could not reveal it, because the source had asked to remain anonymous. But Emilio, full of indignation, never sent me a written denial, which I would have published. Nowadays anyone can find out, through *Wikipedia*, that *Hoy* magazine enjoyed European support during the military government.

The Start of the Carretera Austral

As early as 1976, the most important public works project of the military administration started: The Longitudinal Southern Highway (*La Carretera Austral*), which starts due south of Puerto Montt and reaches to Chile Chico, on the shores of Lake General Carrera, in the XI Region of Aysén. Pinochet affirmed years later that "it was the greatest work done during the century. A route was opened through 1,200 kilometers of jungle, snowdrifts, rivers, streams and swamps… It is the future of Chile, with an outlook for its full completion exceeding fifty years."

Today (2018) it is largely finished, but in 1976 the first kilometers were forged with the help of the Military Labor Corps. Between 1976 and 1988, three hundred million dollars were invested in it, "one-third of the cost of the Santiago Metro or one-fifth of the investment in the Colbún-Machicura [hydroelectric] plant."[20]

The State Council

In 1976, an important institution was born through Constitutional Act No. 1. The *Constitutional Acts* were a mechanism devised by the government's jurists to reconcile two contradictory things: (1) the continuation of the 1925 Constitution and (2) the fact that two of the public powers—the executive and the legislative—were functioning outside of it. One element created by Constitutional Act No. 1 was the so-called State Council, which had as its core purpose to provide backing for the military government from traditional democratic civilians.

The Council was conceived as an advisory body to the president of the republic, but perhaps more important than its functions was its integration of political actors, which started by convening the former presidents of the republic. Eduardo Frei Montalva, who had enthusiastically celebrated the pronouncement, had been shying away from it due to the fact that he did not see a democratic electoral structure close at hand. Furthermore, he no longer found the well-argued declaration of legitimacy of the military administration compelling, which had been conceived by Christian Democrat, and then president of the Bar Association, Alejandro Silva Bascuñán. It was issued in 1973 and published in October of that year in the *Revista de Derecho y Jurisprudencia* (journal of law and jurisprudence).

But the other former presidents, Jorge Alessandri (1958–1964) and Gabriel González Videla (1946–1952) agreed to join the Council and the former was elected by his other members to preside over it. Former Christian Democratic senator Juan de Dios Carmona was also integrated into it, who remained more loyal than his fellow party members to the military government—a loyalty that lasted not only beyond his term but until his death. Other members included Enrique Ortúzar, president of the Constituent Commission (who handed over to the State Council the draft of a new charter emanating from it, for review); Pedro Ibáñez Ojeda, former senator from the National Party; Carlos Cáceres, economist and university professor; Juvenal Hernández Jaque, an old and prestigious Radical Party politician; William Thayer Arteaga, also a Christian Democrat and former labor

minister under Frei Montalva who, like Carmona, has remained loyal to the military government to this day; the then very young, today Independent Democratic Union (UDI) senator Juan Antonio Coloma; and also young at that time, intellectual Arturo Fontaine Talavera, who later transitioned to hold positions that were critical of the administration.

Pinochet praised the State Council and described it as “a consultative body of exalted hierarchy and independence, that can use its judgment to delineate some very transcendental resolutions.” A year later he declared that it had entailed “the integration of all national sectors and community participation in both understanding and solving their problems.”[21]

> Former commanders-in-chief of the Armed Forces also formed a part of the Council. From that experience germinated the notion of having institutional senators, as foreseen in the 1980 Constitution, which was one of the most significant advances made to temper the excesses of the partocracy and, therefore, was viscerally resisted by their ruling oligarchies.[22]

The Council procrastinated for twenty-one months, enduring fifty-seven meetings, after starting in 1978. They studied and modified the constitutional project of the Ortúzar Commission, “liberalizing” it and emphasizing the concepts of representative democracy and universal voting, that were restricted in the commission’s draft. The council completed its mandate in 1980, placing in the hands of the junta the final version of the new Constitution which, in turn, introduced several key changes. It would be submitted for referendum in September of that year.

Cabinet Adjustments

The increase in civilian participation at the highest levels of the government continued in 1976. In March, Sergio Fernández, a lawyer from Punta Arenas, took over as labor minister, replacing aviation general Nicanor Díaz Estrada, who had a markedly statist inclination. For Fernandez, it would be the beginning of a

distinguished and decisive race in the development and outcome of the military government. A year later, he unexpectedly had to take over as Comptroller General of the republic, when the delicate national and international situation required someone with his executive qualifications and favorable disposition to carry out the national consultation that took place in January 1978.

Toward the end of 1976, Pablo Baraona, as head of the Economics Ministry, and Sergio de Castro, in Treasury, also took cabinet positions. There was no change in the line of thinking, just the people in charge. The most difficult part of the task—up until that point—had been done. The economic recovery program has been brilliantly carried out by the previous head of the Treasury, Jorge Cauas, who was appointed as Chilean ambassador in Washington, where he would face a situation as strange and unpleasant for him as it was for the rest of the government and the junta: the killing of Orlando Letelier (and Ronni Moffit), which caused incalculable damage to the image, prestige and international relations of the military government.

Chile's Exit from the Andean Pact

Sergio de Castro, with the effective collaboration of Adelio Pipino, a Chicago Boy who was in charge of relations stemming from the Cartagena Agreement, signed by Chile, Peru, Bolivia, Ecuador, Colombia and Venezuela in May 1969, which led to the so-called Andean Pact, made sure that the government's economic program was not hindered by any restrictions that might affect the entry of foreign capital and the reduction of tariffs imposed by the pact. In the beginning, the Chilean government limited itself to seeking rules flexibility under the pact in order to make them compatible with Chile's open economic policy toward exterior markets. The pact had set a minimum tariff rate at 45 percent on foreign investment, but at that time Chile would have been content to reduce it to 30 percent.

Nevertheless, what really hindered the Chilean economic program was the pact's so-called "Decision 24," touching precisely foreign investment, which established numerous controls on investors and said that within fifteen years foreign capital had to pass into local

hands. It was evident that there would never be any large external investments made under such conditions. In addition, the pact imposed an impossible quorum—unanimity—in order to modify its norms.

As early as 1975, Sergio de Castro had convinced President Pinochet that if the flexibilizations requested by Chile were not accepted, our country should withdraw from the pact. After several rounds of talks with other countries, de Castro personally attended, for the first time, a plenary meeting of the Cartagena Agreement in July 1976. To his surprise, the topic that monopolized the debate was how to increase the remuneration of the pact's executives. After returning he spoke with the president and told him that "the situation must come to an end."

At a meeting in Lima in October 1976, with Adelio Pipino and lawyer Óscar Aitken presiding over the Chilean delegation, along with another delegation from the Ministry of Foreign Affairs that was very committed to doing what the economic team wanted, de Castro took the required next step. "I insisted—he said—that 'Decision 24' was rigid and anachronistic since it impeded reasonable inflows of foreign capital, which had the effect of condemning our populaces to a low rate of investment, therefore stymieing development."[23]

He added, "Only General Pinochet and I knew how far we were willing to go and, of course, once I communicated the decision (to leave the Andean Pact), the assembly was horrified.[24] Thus, Chile's hands were finally freed to reduce tariffs to 10 percent and freed to allow greater inflows of foreign capital.

Eduardo Frei Montalva and Hernán Elgueta Guerín, prominent businessman linked to the Christian Democrats, published a pamphlet critical of the decision.[25] Their objections comprised typical attributes of a Cepalian (i.e., from the UN's CEPAL) approach to economic development that was popular during the decades prior to the 1960s. Shortly afterward, and without Chile, the Andean Pact died a natural death.

Rejection of Fascism

As detailed above, several constitutional acts were issued in 1976. They were intended to serve as the provisional constituent bases while a new Constitution was being forged, in order to govern during the period in which the 1925 (Constitution) had not been expressly repealed, yet neither the executive nor legislative branch's duties had been adapted to conform to it.

This promulgation coincided with an important political statement by President Pinochet, which he read on September 11, 1976, wherein he specified: "Those who, with the pretext of supporting the government, use the term 'nationalism' to favor doctrines or styles of unmistakably fascist origins, should know that this government hereby discredits and strictly rejects them."[26] A clearer refutation of the lie that was heard night after night from Radio Moscow—which accused the military revolution to be run by a fascist administration—lie that was hardly tenable.

Liberation of Luis Corvalán

The junta reached a prisoner exchange agreement with the government of the USSR to deliver the general secretary of the Communist Party, former senator Luis Corvalán, who had been imprisoned. In exchange, Russian writer Vladimir Bukovsky would also be liberated (in Russia). He had denounced sending political dissidents to psychiatric hospitals on the pretext that they had lost their mind.

The exchange entailed a high political cost for the Soviet government—revealing the value they assigned to the person who was the greatest expositor favoring Chilean communism—and the following analysis by American erudite scholar John O. Koehler explains why:

> Demonstrating his continued attention to Chilean affairs, Mielke (the East German minister in charge of espionage) wrote to all Stasi departments on December 18, 1976: "The Chekists [Soviet-sphere agents] from across the GDR

welcomed him with enthusiasm and glee for the great victory of the international solidarity movement based on freeing the General Secretary of the Communist Party, our friend and comrade Luis Corvalán." Corvalán had been in prison in Chile. "Due to the powerful battle waged by all the progressive powers of the world, especially those of the socialist camp and the communist and workers' movement, the magnificent son of the Chilean people and distinguished revolutionary, comrade Corvalán, was ripped from the clutches of the fascist military junta," wrote Mielke in a sentence that did not let one catch his breath. He said that the Soviet KGB had used "certain special measures" that forced the junta to free Corvalán. What Mielke did not say was that the Chilean communist leader was handed over in exchange for the freedom of Vladimir Bukovsky, the Russian writer who helped direct attention to the Soviet practice of sending dissidents to psychiatric wards. Nathanael Davis, United States Ambassador to Chile at the time of the *coup*, was ambassador in Switzerland at the time and oversaw the final negotiations for the exchange. "It may have been the first occasion in history," the ambassador later wrote, "in which the Soviets exchanged political prisoners with a regime like Pinochet's and recognized through their action that Bukovsky was a prisoner of that class, rather than some common criminal or psychiatrically disturbed person."[27]

East German Support for Terrorism in Chile

The East Germans supported the Chilean insurrection through sabotage and by sending agents with forged passports. Koehler reports in his book:

> A top-secret and strictly protected training camp code-named "Objekt Baikal," was established east of Berlin, near the Polish border. It was an idyllic place between two lakes and surrounded by tall pines. The Chileans lived in six attractive bungalows and dined in a pine-paneled banquet room… The original installation had served as a vacation shelter for the

> local counterintelligence directorate… Objekt Baikal's lesson plans included methods of sabotage, fabrication of explosive devices, assassination techniques, and Marxist-Leninist indoctrination… Although some guerrillas were trained in Cuba, the most important part of their training was handled by the Stasi.[28]

The Letelier Case

One of the events that most severely damaged—forever—the image of the military government, was the murder of Orlando Letelier in Washington. As will be seen in the next chapter (and was mentioned earlier in the book), Pinochet never imagined that his security services were involved, because the crime provoked all sorts of problems for the country's attempt to acquire credit. Indeed, just when the murder occurred, the Chilean government was negotiating its loan in Washington. Actually, the situation would make one wonder if the attack had been perpetrated by someone with the specific purpose of damaging that (loan) process.

Of course, two years earlier the president himself had released Orlando Letelier who was detained in the Ritoque prison camp (just north of Valparaíso, a couple hours northwest of Santiago):

> It was the mayor of Caracas, Diego Arria, a man very close to Venezuelan president Carlos Andrés Pérez, who after meeting with Pinochet in Santiago, managed to get Letelier out on September 9, 1974 and take him to the Venezuelan capital…
>
> Pinochet received Arria in his office. The Venezuelan politician explained that he was interested in the situation of Letelier, whom he had known for a long time. He added that he had heard that the government was going to release some detainees in the next few hours.
>
> Pinochet told him he was right. He did intend to release some prisoners, but Letelier was not among them. Arria insisted with all kinds of arguments, until Pinochet said:—I

told you, he is not on the list. So, I have just decided that he may leave with you tomorrow.[29]

It is hard to believe that Pinochet would later order taking the life of someone whom he had politically and diplomatically deemed fit to release two years earlier.

Moreover, the junta had decided to deprive Letelier of his nationality, given his constant activity contrary to the interests of Chile. People who were with him shortly before the attack reported that, having the text of the decree in his hands, he said, “This document saves my life.” “Why do you say that?” asked his friend Michael Moffit. “Michael, the *DINA* wanted to kill us. The laxer men of the junta have taken away my nationality to quiet things down. I am saved.”[30]

Neither Pinochet nor the junta Knew

The following response from Letelier’s son, socialist senator Juan Pablo Letelier, was given during an interview with journalist Raquel Correa. It confirms the absence of responsibility of the upper echelons of the military government in the attack on his father:

> Raquel Correa: Lately, you have been exculpating the Chilean Army and its commander in chief of all responsibility.
>
> Juan Pablo Letelier: I have not been dedicated to exculpating them. What I have said over and again, because I was taught to tell the truth, is that there is no evidence flowing from the review of thousands of pages that allows us to maintain that there was any participation of the Army or its commander in chief in the assassination of Orlando Letelier.[31]

Paradoxically, the crime against the former minister (successively, of foreign affairs, interior and defense under Allende, and his ambassador to the USA beforehand) and his American secretary, Ronni Moffit, had, apart from his aforementioned victims, two other unexpected ones: the *DINA* and its director, Manuel Contreras.

At first, he convinced Pinochet that he was completely oblivious to the attack. That was what the president believed when, in

Washington in 1977 (see next chapter), I informed him of something he did not know. The US authorities just published that they had evidence linking Chilean agents to the double murder. Once this charge was finally proven, it precipitated the *DINA*'s dissolution and the dismissal of its director, Colonel Manuel Contreras.

Pinochet often mused regarding that attack, he told me personally when we talked about the issue years later, that the Americans wanted to get rid of Letelier—and thus cut off his active contacts with Fidel Castro whenever he was in Washington—rather than "making some blind decision." Townley, along with other envoys of the *DINA* (i.e., Armando Fernández Larios and Mónica Lagos), and the Cuban Nationalist Movement group (i.e., Guillermo and Ignacio Novo, Dionisio Suárez, Alvin Ross and Virgilio Paz) who collaborated with Townley, had studied the routes that Letelier took and placed the bomb under his car. Note that on their first attempt the bomb did not explode; it only did so when the Cubans, who were the ones that finally detonated it, "repositioned it." Pinochet told me: "They were picking up laundry claim checks from the cleaners that the Chileans left, and thus were tracking him."

Certainly, this thesis serves to reinforce the impunities obtained later by Townley, through his plea bargain agreement, which guaranteed him a new identity and a livelihood in freedom in the United States and dropping the charges against the Cubans on trial due to irregularities in obtaining evidence against them. Later, Chilean Lieutenant Fernandez Larios defected to the United States and also obtained immunity from prosecution in exchange for information about that attack (against Letelier and Moffit) and information about the *DINA*.

By an irony of fate, the same lieutenant deserter was later ordered through a civil trial in the United States to pay compensation to family members pertaining to the shootings in Copiapó in 1973. He had been a member of General Arellano's entourage, which the Left's folklore has dubbed the "Caravan of Death." I say, "irony of fate" because that retinue was in Santiago when the Copiapó executions took place, as proven in my book *The Truth About the Trial of Pinochet*.[32]

Three of the sixteen people shot in Copiapó, were convicted through a war tribunal, with executions ordered by General Joaquín Lagos Osorio, Commander of the First Army Division based in Antofagasta. The tribunal was presided over by Colonel Oscar Haag, commander of the local regiment, without intervention or knowledge of the Arellano delegation. The other thirteen were killed in an escape attempt during a transfer of prisoners from Copiapó to La Serena, on the night of October 15–16, 1973, prior to Arellano's entourage leaving Santiago.

In the book *Los Zarpazos del Puma*, one of the best-selling books in Chile, the date on Captain Patricio Díaz Araneda's report on the sixteenth was falsified, which (as noted in chapter 1) accounted for those thirteen deaths the night before, placing the date on the seventeenth—the day that Arellano's party arrived in Copiapó, after leaving Santiago early that morning. But the thirteen had already been shot the previous night.

Returning to the attack against Letelier, historian Gonzalo Vial says in his biography of Pinochet, related to the case: "It is not known why Townley and the Cubans disobeyed the *DINA* and made so many mistakes." Pinochet thought he knew. The fact was that in the end the only ones who served time for the double crime, who were found guilty in Chilean courts, were soldiers (who were away from the scene of the crime) along with two of the five Cubans who participated: José Dionisio Suárez and Virgilio Paz. Recall that the trial against the others was thrown out of court by the American justice system; they were thus set free.

Nonetheless, Townley could have unwittingly served as a decoy to attract the CIA or the FBI, because he and his author wife, Mariana Callejas, were (committed) anticommunists and supporters of the junta out of principle. She made a sworn statement before a Chilean court:

> Nobody knows better than those who remained in Chile and fought against the corrupt "socialist" regime of Allende what the new government meant for us. And the man, Letelier, was an enemy—a powerful one. And the facts were not known until after his death: if he were given time, he would have been able to form a government in exile. He had already fixed

everything to cut off credit for Chile; he was an agent of Cuba and Russia; he managed people and money.[33]

The Letelier case was a decisive factor in the subsequent dissolution of the *DINA* and removal of its director, Colonel Manuel Contreras, from having any intelligence responsibilities in the government. Another factor was the Contreras Maluje case, which will be considered later.

Letelier's Briefcase

American historian James Whelan contributed a lot of background information with respect to the Letelier case:

> Letelier—who served as Allende's ambassador to the United Nations and later as his last defense minister—was director of the Transnational Institute at the time of his death, which was a branch of the extreme left Institute for Policy Studies (IPS) in Washington.
>
> Mrs. Moffit worked at the IPS to promote its financing, and her husband, Michael, was assistant to IPS co-founder Richard J. Barnett, in a project called Global Reach, aimed at uncovering the misdeeds committed by multinational companies. Months after his murder, a report was leaked pertaining to the FBI's preliminary investigation, which showed that, at the time of his death, documents found in Letelier's briefcase identified him as a Soviet agent operating under the direction of the *DNI* (National Intelligence Directorate of the Cuban security service). His handler was Julian Torres Rizo, the top Cuban intelligence agent in the United States. In addition, Letelier was in contact with Beatriz Allende (of) Fernández in Cuba, who, on at least one occasion, paid him and sent him a check for five thousand dollars. (Beatriz was married to Luis Fernández de Oña, the number two man of the *DNI*). The story was not only discarded at the beginning by the main newspapers, but also, three of them refused to publish even a paid notice that affirmed the existence of Soviet and Cuban ties to Letelier.[34]

All this leaves in evidence that eliminating Letelier could have interested the US more than Chile, especially if through the alliance between Vernon Walters and Manuel Contreras the latter would end up being blamed for everything. The former jealously covered up that friendship, while the latter publicized it as much as he could.

By the way, Walters took advantage of—for himself and for the interests of his country—much more of Contreras than *vice versa*, along with much damage being done to the Chilean government and many dividends being paid to the American one.

Carlos Altamirano categorically denied Letelier's links to Cuba but acknowledged that Beatriz Allende sent him money from there:

> The Cubans never sent a penny to Orlando Letelier. It was me, exclusively myself, who, without even consulting the rest of the leadership (for security reasons), ordered Tati Allende, the party's finance coordinator, to send him a modest monthly sum. If I remember correctly, there were 800 dollars of the funds that we received from our solidarity. I guess that would barely have been enough to pay the phone bill, but it did serve to weave a sordid intrigue at least, typical of James Bond, making him appear to be a Cuban spy. I am sure that both the US government and the CIA knew perfectly well that Orlando Letelier had no connection with the socialist countries. Needless to say, Orlando was far from being placed into positions close to the communists within the party."[35]

Ironically and decidedly, on the day of Letelier's death, Pinochet's finance minister, Jorge Cauas, arrived in Washington to hold talks with Treasury Secretary William Simon, who would serve to crown the long-awaited Chilean economic recovery. "The commentator on Latin America, Virginia Prewett, wrote: 'Of course, the murder eliminated the press conference (of Cauas) and aborted the global economic takeoff of Chile, which had been being prepared for a long time.'"[36]

A Sunken Submarine in Front of Viña del Mar?

In September 1976 there was an unusual movement of warships off Viña del Mar (northwest of Santiago), not many meters from the coastline. The destroyers *Portales*, *Zenteno*, *Serrano* and *Cochrane* launched anti-submarine depth charges and torpedoes. The rumor was that a submarine had been detected and, by refusing to surface, had been attacked.

There was talk of a second submarine, which was able to elude the siege. It was suspected that the first one might have been Peruvian and the second one, Soviet. Finally, the Navy declared that those happenings had only been naval exercises arranged for the phase prior to Operation Unitas that our Navy periodically carried out in conjunction with naval units from the United States. As the population of Viña del Mar had witnessed an unprecedented deployment of naval activity and anti-submarine explosions, the matter became the subject of the most varied rumors.

A complete investigation was made, many years later, by authors Daniel Avendaño and Mauricio Palma in their book *El Secreto del Submarino* (the secret of the submarine). But that effort did not sufficiently clarify the mystery, notwithstanding, yet did accredit that in 1983 the deck and metal mesh remains of a sunken vessel were seen just off the mouth of the Marga Marga estuary and Hotel Miramar, Viña del Mar—just eighty meters from the coast. And it also documents that in the dredging and clearing efforts at the estuary's mouth, carried out in 2014, the metallic remains of a submarine sunk there[37] were finally extracted, piece-by-piece.

Visit of the Argentine President

In November 1976, a visit was paid by Argentine president, General Carlos Rafael Videla. The event could not have been a greater testimony to the excellent relationship of both military administrations and their friendly approach. Nobody could have predicted then that in little more than a year they would be on the verge of war.

There were decorations, ceremonies and declarations of friendship. The Chilean First Lady held a luncheon with her

Argentinian counterpart in the house where the president lived, on Avenida Presidente Errázuriz. Then, there was a day at the beach in Viña del Mar and an equestrian show in homage to the Argentine president at the Quillota Cavalry School. “On our return to Viña del Mar, I invited him to walk through its downtown, where he was warmly greeted by its citizens,” Pinochet later confirmed.[38]

The visit ended with an exchange of medals, with the Argentine Order of Merit of General San Martin going to Pinochet and the Chilean Bernardo O’Higgins Order of Merit going to Videla. Unfortunately, such deep friendship between the two countries was going to be only temporary.

Detention and Disappearance of Carlos Contreras Maluje

An event that shook public opinion and, paradoxically, served to demonstrate that the compelled disappearance of people was contrary to military government policy, and that it apparently only controlled the security agencies precariously—by strings—if it controlled anything at all.

On November 3, 1976, at 11:30 a.m., according to the book *Detained-Disappeared: An Open Wound*, Carlos Contreras Maluje was arrested by *DINA* officials.[39] This version of the story goes on to say that he threw himself in front of a bus on Nataniel (Cox) street in downtown Santiago, which was heading along the Vivaceta route. He lay unconscious on the street and, when he recovered consciousness, “a car came, and three civilians jumped out and surrounded the injured man. When he saw them, he began to shout that they were *DINA* officials who were coming to arrest him… At that point he shouted that his name was Carlos Contreras Maluje, requesting that someone would please notify his parents, owners of the Maluje Pharmacy in Concepción.” Quickly his captors picked him up and put him into a light blue Fiat 125, license number EG-388.

The father of Contreras Maluje, who was a communist mayor during the Popular Unity regime in 1971, filed for an order of protection of his son. In the course of the judicial investigation, it was

found that the car used to detain him belonged to the chief of Air Force Intelligence Service, but he said that on the day of the arrest nobody was using the vehicle.

The president of the republic himself sent an official letter to the Military Judge of Santiago, dated March 22, 1977, stating that “the presumed arrest of the aforementioned person was not determined by the highest levels of the government—in the exercise of the powers granted under the state of siege still in force—nor did it intervene in his case or make use of any extraordinary powers available to it.” He later explained, “The aforementioned case has created a situation where it was absolutely impossible for the minister of the interior to comply with, either legally or factually, the request made by his excellency of the court of appeals of Santiago, in order to satisfy the resolution of immediate freedom of the aforementioned person, which has been the unflinching requirement of top government officials.”

Later on, a “comprehensive, wide and exhaustive investigation of the facts” was undertaken that, in short, did not produce any results, since Carlos Humberto Contreras Maluje’s whereabouts were unknown. There was extensive information reported in the press with respect to all the contradictions about the facts that the authorities were trying to explain. A public hunger strike was undertaken by relatives of other detainees thought to be in similar circumstances. The contradictory statements of the Air Force, *Carabineros*, eyewitnesses, and Ministry of the Interior made the executive branch look ridiculous.

This untenable climate of public opinion, together with what had happened in the Letelier case, was certainly decisive enough for the government to resolve to terminate the *DINA* in 1977. Even though the latter entity did not appear, at first glance, to be responsible for the illegal detention of Contreras Maluje, wherein an Air Force car was involved that was not placed in use that day, according to the man in charge of the Air Force intelligence service.

The press linked to the government repeatedly urged it to clarify what was going on, which it simply could not do, because it did not know what had happened to Contreras Maluje. Furthermore, all fingers pointed to the *DINA*, despite the involvement of an Air Force

vehicle. Yet the episode could not be explained even through books written later by General Contreras, former director of the *DINA*, to clarify matters: *Historical Truth I* and *II*—probably because he did not have a reasonable explanation and the *DINA* continued to deny any participation in the events.[40]

Annual Economic Balance

After falling abruptly in 1975, GDP grew by 3.5 percent in 1976. That rate was nothing to get excited about, but it had faced a triple crisis (i.e., the ruin inherited from the Popular Unity regime, rising oil prices, and falling copper prices) and the country had shown that it could leave the crises behind. Inflation fell to a level that was just over one-half the previous year's: i.e., the CPI rose 174.3 percent. The fixed capital investment rate, however, had decreased to 12.7 percent of GDP. Furthermore, unemployment, which had increased to 16.8 percent in greater Santiago, was "only" 12.7 percent throughout the country. The fiscal deficit again decreased to 2.3 percent of GDP and would continue to do so until it disappeared completely.

Foreign trade had gone well: the trade balance showed a surplus of 460.6 million dollars (exports minus imports). Indeed, the current account of the balance of payments, which also included interest, financial and nonfinancial services, had an exceptionally positive balance of 147.9 million dollars. But the capital account showed an unexpectedly negative one of 215 million dollars.

The overall balance of payments was positive, for the first time during the military government, at 281 million dollars.[41] The gross international reserves of the Central Bank reached 107.9 million dollars, recouping 237.1 million dollars of the negative balance shown at the end of the previous fiscal year.[42]

Chapter 5

1977: Economic Takeoff

The Christian Democrats Contact the Communists

A report in *La Tercera*, July 4, 1999 (supplement: “Secret Documents,” page 6), exposed the American CIA’s “Operation Springtime” that had been plotted against the military government. In a document dated November 29, 1977, an agreement was reached between members of the Christian Democratic Party, the Popular Unity Party and leaders of the Catholic Church to join efforts with the goal of destabilizing the administration: “The plan consists of social mobilizations, such as strikes and work stoppages, demanding an increase in wages, filing of signed petitions with the government, sending letters to foreign governments, legal actions filed in the courts, spontaneous demonstrations, meetings in churches, and statements to the press and radio.”

In 1976, the government had reason to feel harassed, and in 1977 the harassment would not stop, achieving even greater success. It would face the combined forces of the Christian Democratic Party, the Communist Party, and the ecclesiastical hierarchy. The report about the CIA plan added, “The Minister of the Interior has ordered the *CNI* to investigate this plan, requesting that the *Carabineros* and Investigative Police carry out the necessary arrests.”

The Takeoff Begins

Despite this meddling, domestic optimism reigned and the new finance minister, Sergio de Castro, was able to address the country via the national network on March 4, 1977. He announced transcendent liberalizing measures in foreign trade, credit, taxes,

social security, agriculture and foreign investment, with a view to increasing private investment, essential for growth and development.

In short, he announced a 10 percent revaluation of the peso, that is, a drop in the price of the dollar, an unusual measure for developing countries, which are frequently short of foreign currency and find themselves in the process of continuous devaluations. He also announced the reduction of the reserve requirement for demand deposits [checking accounts], from 83 percent to 75 percent, which implied an increase in the quantity of money and, therefore, an expansionary boost to the economy. Banks could lend more, even with the same level of deposits.

Likewise, he announced a reduction of the corporate tax rate from 18 percent to 15 percent for 1977, and similar reductions over the following two years. In other words, national and foreign businesses would be able to retain a greater percentage of their profits each year.

He announced, too, a reduction in contributions to be paid into to the family benefits services fund, from 25 percent to 21 percent, implying a reduction in the cost of hiring employees, thus impelling greater employment. Finally, he announced an injection of funds from the Central Bank to development banks, opening new lines of credit for investments through CORFO and granting letters of credit to purchase capital goods abroad.

Just How Popular Was the Administration?

The testimony of former president Eduardo Frei Montalva—who by now had joined the opposition against the administration as part of an alliance forged against it, yet lived peacefully and comfortably in Santiago, when not on one of his frequent trips abroad to promote his pro-humanity role within the International Christian Democratic Party—can serve to measure the degree to which people appreciated the government. In a letter dated March 7, 1977, to his son-in-law, Eugenio Ortega, which was published by historian Cristián Gazmuri, author of a biography of Frei, and also by writer Álvaro Pineda de Castro, the former president expressed himself thus:

Yesterday (March 6, 1977) I went to the stadium to watch the Chile–Peru game. I had never seen a fuller stadium. Pinochet arrived at that jam-packed stadium, illuminated artificially since it was already after dark. There was applause from the whole stadium. I cannot assure you if those seated in the galleries stood up, but in the part where I was, in the galleries adjoining the rain-impervious overhang, on one of whose benches I was standing, I saw that they were standing up. There was not a single hisser or heckler. I was very shocked. Everyone greeted me in a particularly cordial way. Where I was there were a lot of people, and the truth is that when Pinochet arrived they stood up as if moved by a spring and applauded in a rage. This is Chile today.[1]

Transcendental Political Announcement

Perhaps the most important institutional event prior to the approval of the 1980 *Constitution* took place on the anniversary of the battle of La Concepción, on July 9, 1977, in a civilian-military ceremony. It was very well staged at dusk, on Cerro Chacarillas (a hill near downtown Santiago), in an event organized by university student movements that supported the government.

The presidential speech of that day, wherein the influence of the pen of Jaime Guzmán was hardly difficult to notice, shook the political environment, aroused communist anger and, ultimately, politically differentiated the Chilean military revolution from all other Latin American experiences headed by uniformed personnel. There Pinochet announced the return to democracy under a new administration that would replace the previous “tired” political-institutional system. What would emerge would be a new form of democracy, which could be characterized as “authoritarian, protective, integrative, technologized and characterized by authentic social participation,” which would be gradually implemented.

He announced that the military government would come to an end in 1985, although somewhat earlier, in 1981, a single-chambered parliament would be established, with members appointed by the government and endowed with legislative powers, while the junta would retain constituent power for itself. That single-chambered

Congress would last until 1985, when two-thirds of the same chamber would be elected by popular vote and the remaining one-third would be designated by the government.

This second new Congress would name the president of the republic, who would be called upon to govern over the ensuing six years. The other members of the junta apparently did not know or think much about the plan, nor did they feel it necessary to comment on it, except Leigh, who on July 9 [1977] was in Puerto Montt and said he was unaware of the announcement. Therefore, he affirmed, he would comment on it after he had read it.

Many years later, former minister of finance Sergio de Castro recalled the reaction of the government's adversaries: "Of course, the communists stigmatized that definition as fascist and the most cultured opponents thought they saw the footprint of Francoism there."[2] But other democratic opponents, such as historian Carlos Huneeus (a Christian Democrat), said that Chacarillas "marked the beginning of a political strategy that ended the traditional military administration and opened the way to a new form of government, with a certain emphasis on institutionalization. Its materialization would correspond to a cabinet headed by the new minister of the interior, Sergio Fernández, who took office on April 14, 1978, being the first civilian to occupy that post since the *coup d'état*."[3]

Partial, Short-Lived Cabinet Changes

On March 9, 1977, there had already been a minor change in the cabinet. Renato Damilano and Edmundo Ruiz had taken the Justice and Housing and Urban Planning posts, respectively. "Minister Damilano, a personal friend of Pinochet, only remained a little more than a month in his position because, for reiterated and compromising declarations against the Church, he was dismissed. Monica Madariaga took his place."[4]

Mónica Madariaga was called to play a prominent role. The president was familiar with her, as she served as his trusted lawyer. She had developed her career in the office of the Comptroller General of the republic. She would have a preponderant role,

particularly in the coming year, since she would be the main person in charge of drafting Decree No. 2191 pertaining to amnesty.

Concomitance in Human Rights

As previously shown, there was never a “systematic policy” of the military government to trample human rights, as it has now become commonplace to claim among its adversaries. On the contrary, during the first few months after September 11, 1973, the junta had issued successive documents and instructions ordering authorities to respect such rights. Nevertheless, it was clear to everyone that military elements often acted on their own and sometimes in conjunction with civilians and that the official anti-subversive intelligence body, the *DINA*, for instance, did not fulfill those mandates.

I had to be at meetings, during 1973 and 1974, for the founding group of the magazine *Qué Pasa* (that appeared in April 1971) and which was known as “Grupo Portada”—where Jaime Guzmán, a close associate of President Pinochet, made reference to a comment he had made to Pinochet in order that “the *DINA* was becoming a state within the state.”

I remember that this remark was expressed during a lunch meeting in the apart-hotel that was located those years on [ring-road] Americo Vespucio almost at the corner of [Avenida] Apoquindo [in Las Condes, Santiago]. British journalist Robert Moss, who sympathized with the military government and had come to Chile frequently during the Popular Unity, was attending the meeting. As a result of his visits, he wrote a book called *The Chilean Marxist Experiment*, which was edited in Santiago by Gabriela Mistral Publishers, formerly “*Quimantú*,” state-owned during Allende’s government and, before that, Zig-Zag, a private company.

North American Pressures Come to Fruition

On May 27, the US Undersecretary of State, Warren Christopher, summoned the Chilean ambassador to the United States, Jorge Cauas, who “admitted that the subject of people’s disappearances was quite relevant, but then tried to reduce its scope. He said there

were some people holding double identities, still others who had left Chile, and finally those who had died shortly after the *coup d'état*." When speaking about the *DINA*, Cauas pointed out: "Every country needs an Intelligence Service. Pinochet has publicly banned illegal actions. Many prisoners condemned under the state of siege have been released through amnesty policies. At the moment we only have one prisoner held without being charged."[5]

> On November 3, 1977, the Minister of Foreign Affairs, Patricio Carvajal, called the business affairs liaison of the American embassy, Thomas Boyatt. "Thomas, I'm calling to let you know some news ahead of time. In a little while, General Pinochet's appointment of retired General Odlanier Mena as director of the *CNI* will be announced. I want you to know that General Mena is an excellent person and that his appointment will be followed by more changes in the *CNI*."[6]

Pressure from the United States government often arose from the fact that officials in the United States assimilated many defining slogans that originated from the Department of Disinformation of the Soviet KGB. However, they were no less effective because of it and, as in the case cited, they contributed to ensuring that the military revolution would be even more concerned about guaranteeing the human rights of its domestic detractors. This policy would hold true even toward those linked with extreme-leftist terrorism.

Civilian Pressure

Pressure and warnings from civilian supporters of the administration were also decisive in order to resolve the problem of the *DINA*. Consequently, the *DINA* received a decisive blow after indications of its responsibility appeared in the 1976 attack against Orlando Letelier.

In the military media, the anti-subversive effectiveness of the organism, which was real, was appreciated. But its repressive role was often blown out of proportion, a fact which was evidenced by the Rettig Report in 1991, in which it appeared responsible for only a minority of deaths and disappearances of people—contrary to the

generalized version that has been superimposed over the facts. Previously, almost all such cases were attributed to it (and that *uomo qualunque* [any man] from any nationality still repeats that charge down to the present).

Nonetheless, in reality, most of the casualties of domestic confrontations occurred between September 11, 1973, and December 31, 1973—when the *DINA* did not even exist, not having been created until mid-1974. The thing that categorically conspired against its continuance were the crimes committed abroad—among them a notorious frustrated attack—that caused enormous damage to the domestic and international reputation of the administration, and about whose details neither the junta nor its president were even aware.

Furthermore, as has been repeatedly previewed previously, with regard to the existence of the main protagonist of those attacks abroad—American Michael Townley—neither General Pinochet nor the rest of the junta new anything about him, as was shown in the previous chapter. In consequence, after knowing about his actions, the fact is that on August 13, 1977, by Decree No. 1,876, the *DINA* was dissolved. On that same day, the body that would replace it was created, the National Information Central, *CNI*, by Decree No. 1,878.

It was very indicative that the head of the new intelligence entity was General (R) Odlanier Mena Salinas, a man with an impeccable position on human rights. He played an outstanding role in defending the Chilean north, commanding the “Rancagua” Regiment in Arica, when the country was threatened by a Peruvian invasion in 1974. Nevertheless, after 2000, Mena was unjustly and illegally prosecuted and convicted for a crime he had demonstrably not committed (and for which amnesty had been prescribed and was then null due to the statute of limitations) by the “justice” of the Left that came to control the judiciary and the Supreme Court at the beginning of the new century.

Finally, he was the victim of a final injustice that fate had in store for him: his transfer from the Cordillera prison [in Peñalolén, southeastern Santiago], where he was serving his illegal sentence in relatively passable conditions, being in the vicinity of the military hospital, where the serious terminal illness afflicting him was being

treated. Along with other officers he was to be transferred to the remoter Punta Peuco prison in Til Til, about an hour north of Santiago, stemming from a political gesture toward the Communist Party by President Sebastián Piñera, who was down in the polls in early 2013. Communist party members not only celebrated but also presided over the transfer and vexed the imprisoned officers as they left the Cordillera compound.

Before the transfer and after learning of Piñera's decision to deny him the pardon he had requested, Mena ended his days by shooting himself in his home on September 28, 2013. Historian Gonzalo Vial, critic of military government in the matter of human rights, recognized the moral quality of that general, writing about him: "Mena, in fact, was a man of integrity, and under his command, the *CNI* committed only isolated abuses and promptly, in most of the cases, those responsible were reprimanded by deserved internal punishment."[7]

Surprised Telling the Truth

Luis Corvalán, who had been exchanged for Bukovsky—taken as a Soviet political prisoner for being a conscientious objector (as noted earlier)—wrote for *Fully Communist* magazine during his exile. It was profusely distributed by mimeograph in Chile, and at times even contained a kernel of truth:

> By sustaining the possibility of a peaceful path forward in our country after 1956, we took into account, first, that it was only a possibility and, second, that if the revolution were to take that path, at some point an alternative could arise: armed struggle. Consequently, we have been involved (since 1963) with the military preparation of party members… When after the parliamentary elections of March 1973 it was clear that the reaction would likely lead to the overthrow of the government through a *coup d'état*, we launched the defining slogan: "no to civil war," and simultaneously intensified the combat preparation of those militant party members who

were already working on that front, equipping them with some weapons.[8]

Note that since 1963 the communists had already opted for the armed resistance route, something that most historians have refused to incorporate into their analyses. Later, in 1980, Corvalán reaffirmed that “the right of the people to rebel becomes more and more indisputable,” in line with the agreement between senior communist leaders to send youth from the party for military training in Cuba, only to return later to fight secretly through the ranks of Chilean guerrilla forces.[9]

Health Management Effectiveness

The military revolution, due to the demands imposed on it (starting in 1975) by the economic recovery program, had had to make enormous cuts at plants featuring bloated public administration, estimating the reduction-in-force of ninety thousand public employees. Nevertheless, that action ended up supplying a great improvement in managerial quality, due to the fact that it imposed discipline that had not existed before. As early as 1977, for example, maternal mortality during delivery, which had fallen from 2.65 per thousand in 1967 to 1.63 per thousand in 1972, had been reduced to 1.02 per thousand due to managerial efficiency in hospitals.[10]

Furthermore, management required public officials to adequately perform their tasks and did not merely permit previously habitual “illegal work stoppages”—action that unfortunately reared up its ugly head again after 1990. Ever since, greater remuneration demanded by politicized directives have been extracted from successive administrations, particularly in the health sector.

An Award That Would Bring Consequences

On May 2, 1977, the award or arbitration decision of Queen Elizabeth II of England, which had been submitted to her in 1971, reignited the Beagle Canal conflict between Argentina and Chile. The award was handed down by three members of the International

Court of Justice in the Hague, whose justices had been agreed upon by both countries. They were noble, nonbribable characters. Argentina lost and right then and there learned that it would never again submit itself to such men. This experience was applied in another conflict with us over *Laguna del Desierto,* little desert lake in the deep south which Chile had claimed a couple of decades later when, unlike in 1977, Argentina won.

The Treaty of 1881 between both countries had declared that all the islands south of the Beagle Channel and to Cape Horn would be Chilean. Apart from minor islets, the Channel Islands were three, Picton, Nueva and Lennox [on the Atlantic end below—or south of—the canal]. The Chilean thesis, which proved triumphant, maintained that the canal ran from east to west to Cape San Pío and, therefore, the aforementioned islands were south of it and were thus Chilean. The Argentine thesis was that the Canal turned south before Picton and Nueva islands which, therefore, did not go south of it and were Argentine. “From London, the main Chilean defender, José Miguel Barros, communicated by telephone the result to chancellor (Patricio) Carvajal: ‘Colo Colo [a popular Chilean soccer club] beat River Plate, three to zero.’”[11]

The Chilean government—the Navy—hastened to fix the “straight baselines” that determined the territorial waters and the 200-mile exclusive economic zone authorized by the Geneva Convention of 1958. It also named “Sea Mayors” for the islands. The proverbial decision making of Merino was revealed once again. Pinochet, somewhat reluctantly, signed the corresponding Decree No. 416 on July 1977.

In Argentina, the respective military government behaved with very little legal resignation and, supported by its press and public opinion, expressed that it intended to have some of the Chilean islands and, of course, rejected our determination over the territorial waters as an exclusive economic zone. The most serious thing was that it was willing to wage war if Chile did not yield. At some point the Argentine deployment seemed somewhat like an opera: at mid-year, Admiral Julio A. Torti, arrived in a white plane, dressed in white, tall, tan, and also donning his white hair. He notified us that the judgment should be modified to the satisfaction of the Argentines, as of January 14,

1978. Pinochet replied curtly, “no.” So Torti returned to the airport and left the debate and the country.

The Chilean president personally took charge of the conduct of the conflict and took up a posture from which he never moved by even a millimeter: (1) the matter would be taken up between military men alone; (2) war should be avoided by all means; (3) but if Argentina declared war, Chile must be prepared to win it and not accept any cessation of hostilities so long as any Argentinian soldier was in Chilean territory (this I heard him personally affirm); (4) the British ruling must not be modified; and (5) the only items that might be discussed were waterways, not territory. The uniformed and Argentine specialists argued that:

> …the arbiters had erred in two fundamental respects: 1. The judges did not consider that the Cape Horn meridian is the natural and definitive boundary between Argentina and Chile in the southern sea. By not taking this principle into account, the judges handed over islands and islets to Chile that were in the Atlantic (the judges had established that such bio-oceanic separation had no legal basis). 2. The maritime space called the “hammer” (which both countries had agreed to arbitrate) was limited only to Picton, Lennox and Nueva islands and island appendices, but in no case related to the other islands and islets located in the area of the Hornos archipelago. They concluded that the judges errantly included this territory in their award. Finally, they claimed, as a result of these two serious errors of the arbiters, the award had destroyed the “Atlantic-Pacific principle.”
>
> In addition, the Argentine authorities feared the effects that international maritime law would have on the oceanic projection of the islands attributed to Chile by the award. In effect, maritime law now recognized for each state, instead of the traditional three miles of seaway, a territorial oceanic limit of up to twelve miles and, depending on the case, an exclusive economic zone of two hundred miles.
>
> By geographical factors, Chile could not reach out two hundred miles, but would likewise increase its maritime

projection to the east, which would alter the traditional equilibrium in the southern Atlantic region.[12]

Be that as it may, at the end of the conflict, years later (in the 1984 *Treaty of Peace and Friendship*) all the basic points imposed by Pinochet and detailed above were respected.

Carretera Austral and Antarctica

In January, the president took a trip to inspect the progress of the Carretera Austral out of Chaitén, heading both north and south. That roadway was destined to unite the southern part of Chile with the rest of the mainland. In effect, more than one hundred fifty thousand square kilometers—20 percent of the total country. “I visualize in the future,” said Pinochet from the region, “within 30 to 50 years, the coves of the area will be turned into cities, with the sea delivering its produce, the agricultural and livestock lands yielding their gains.” He added that there were already numerous fishermen entrepreneurs who were asking for authorization to settle in the area.[13]

He then traveled to Antarctica aboard the transport vessel Aquiles, making a round trip of three thousand kilometers. He visited the Antarctic bases of the Navy (Arturo Prat), the Air Force (President Frei), and the Army (Bernardo O’Higgins). At the second one, located on King George Island, he perceived that there were excellent relations with the installations of a nearby Russian base, which I myself had the opportunity to visit. We were very well received there a couple of years later, having been invited by Chilean-German businessman Guillermo Schiess.

Pinochet reached the Yelcho sub-base located at the sixty-fifth parallel south. He was the head of state who reached the furthest southern latitude in the country and, possibly, the one who had traveled the longest route domestically, reaching every corner of the territory, personally learning about each area’s problems.

An International Blow

In 1977, the United Nations’ condemnation of Chile, derived from Soviet hounding based on the issue of human rights violations, was

more unfavorable than ever. Moreover, the number of countries that voted for it (96) was likewise greater than ever before. Only fourteen nations voted in Chile's favor, while twenty-six abstained.

Pinochet had written a personal letter to President Carter, trying to encourage a benign UN resolution, but he did not achieve his purpose.[14] Americans were usually disloyal to those who had helped them fight communism—especially Democrats like Carter.

Indeed, the objective fact was that the Chilean intelligence agency to which most of the so-called "abuses of human rights" were attributed, the *DINA*, had been dissolved precisely for that reason in 1977. In addition, in the same year (1977), the president of the republic had announced a program to revamp the constitution, establishing a Congress in 1981 and elections in 1985. Hence, no one could honestly speak of a "dictatorship without a term limit."

Even the number of attacks against uniformed personnel had approached zero, according to the registry kept by the Army: 52 in 1973, less than half, 25, in 1974; only 3 in 1976 and none in 1977.[15] Nevertheless, the condemnation of the United Nations, in December 1977, hit Chile with a very hard psychological blow. Its depressive impact was purely psychic, since the economy marched on splendidly, with domestic peace being both visible and tangible, and the people's outlook for the future being much better. Yet once again, an absurd contrast reigned between the imaginary situation in Chile as described by international organizations, along with the media in the rest of the world, with the climate that really prevailed in national domestic life. The foreign press seemed, in this respect, to be controlled directly by the KGB's offices in Moscow.

Dissolution of Political Parties

Between 1973 and 1977, Pinochet commented in his memoirs, "the democratic political parties that were not suppressed were kept in abeyance, subject to a set of prohibitions while measures reigned that prevented them from carrying out their activities. These prohibitions were established in a special regulation. Decree No. 77 had dissolved the Marxist parties. The others remained in recess, understood as 'the situation of inactivity that affects them in

everything that tends to the attainment of the ends that are their own, without meaning in any way to suppress their existence as such.'"

The regulation prevented them from: a) making or effecting statements of principles about specific policy events; b) carrying out any type of meetings, in closed places, secretariats or private houses, be they of their governing bodies at any level or among their political bases, and c) maintaining advertising programs and, in general, performing such work through the press, radio or television or by any of the means of diffusion indicated in the decree pertaining to the abuse of publicity. "Our intention was to maintain the abeyance so as not to alter the national unity negatively impacted by the Popular Unity government but, since they did not respect what the decree directed, it was decided that the political parties should be dissolved."[16]

Actually, this decision was precipitated by the Christian Democrats. Everyone knew that they were not standing in recess and, nevertheless, the government "turned a blind eye" to them. But in 1977 there was a struggle to renew the national directive. Author Gustavo Cuevas thus described the episode:

> Two internal currents arose to contest the presidency, one led by former Senator Andrés Zaldívar, in favor of an opposing manner of thinking that excluded the radicalized Left, and another led by former Senator Tomás Reyes Vicuña, who instead supported establishing an alliance with the Left, backing the common goal of accelerating the change of government. The authorities intercepted the messages, including the propaganda of both candidatures, and decided to make the two competing proposals public knowledge—a diffusion that served as the basis for the adoption of a drastic measure: it was decided to extend the proscription of political parties that had been decreed in September 1973 [Author's note: it affected only those of the Popular Unity Party] to all the collectivities that, until that moment, were only affected by the political recess, which consequently had to dissolve themselves. That is to say, from this moment on, the dissolution reached the individual parties that had made up

the Popular Unity, as well as to those that had been opposed to the Allende government.[17]

The Most Tenacious Political Resistance

A difficult moment was experienced when on November 16, 1977, security agents raided the San Francisco Javier “retreat house” operated by the Roman Catholic Church.

Cardinal Silva Henriquez protested the events to the president. Pinochet responded, regretting that the church was being used by certain sectors to develop activities that transgressed the current rules, noting that it must not be pleasant to know that such operations were being practiced out of a house designed for spiritual exercises. The president attached photographic testimony of former union leaders and politicians of the dissolved Christian Democratic Party being present in the retreat house.

The president also clarified that there had been no raid of the premises, as the observers had entered the house with the authorization of the Dominican sisters who were its guardians. Nevertheless, the cardinal was upset because armed agents had entered violently, disrupting the meeting of Andrés Zaldívar, Tomás Reyes, Eduardo Ríos, Ernesto Vogel, and other startled politicians participating. The first two were former Christian Democratic senators and the latter two were renown union leaders.[18] In his memoirs, Pinochet refers to an exchange of communiqués that reflected the tense relationship:

> In April I received a communication from the Bishop of Temuco and Secretary General of the Episcopal Conference of Chile, whose principal parts I copy below:
>
> “On behalf of the Permanent Committee of the Episcopate, I thank you for your authorization granted, at our request, to allow the reverend fathers Julián Brown and Alejandro Bastiens to enter the country, and for Presbyter Paolo Toffoletti to remain here [three priests with Marxist leanings].
>
> “The Permanent Committee expects that Your Excellency, upon reading our last statement on national coexistence, will

have perceived that it was not written with the intention of criticizing the government, but rather to reaffirm the principles of Christian humanism and the social doctrine of the church, which embody our contribution to the future of Chile." [Translator's Note: Pope Paul VI had decreed a decade earlier in *Gaudium et Spes* 69:10, December 7, 1965, "If one is in extreme necessity, he has the right to procure for himself what he needs out of the riches of others."]

"Lastly, we want to express to Your Excellency our concern about the application of [decree] *Bando* No. 107, in terms of prior censorship of church publications. We hope that in practice the *bando* will not coercively restrict our freedom of expression. The Permanent Committee instructs me to reaffirm to His Excellency our willingness to cooperate in all his positive efforts, and those of his government, for the good of our country."

"I replied, among other things, with the following:

"I am pleased that the favorable solution given by the government to the problem affecting the reverend fathers Julian Brown and Alejandro Bastiens, as well as the Presbyter Paolo Toffoletti, has been satisfied extraordinarily by the Permanent Committee of the Episcopate.

"Regarding the recent public declaration of said committee entitled *La Convivencia Nacional* [living together nationally], the government has wanted to leave to the free judgment of the citizenry its appreciation of whether in fact that text adheres to the 'exclusively moral and pastoral' arena, which it so claims to be in one of its initial paragraphs, or if instead it really goes beyond the principles of the social doctrine of the Roman Catholic Church, which you invoke in your letter, entering into affirmations or points of view that belong to the field of contingent politics, within which Catholics themselves have the broadest freedom to adopt their positions in accordance with what their good consciences dictate…

"The ecclesiastical hierarchy may have the most absolute certainty that 'the respectful and cordial attitude' which you have demonstrated in your letter, which I have now

answered, represents what the current government will maintain towards the Catholic Church. It will not vary since it corresponds to a very deep conviction of respect towards all religious congregations and creeds—a logical projection of the broad liberty of conscience and worship services that our country enjoys and that in recent days have been proclaimed by numerous dignitaries of other religious creeds.

"In such inspiration, you can be certain that [decree] *Bando* No. 107 from the headquarters within the zone falling under the state of emergency in the Metropolitan Region and Province of San Antonio, will never be applied detrimentally to those principles and values. Its objective under the emergency in which we live is very different, and only aims to provide a legal instrument that allows us to avoid events working against the basic moral and institutional values of the Republic."[19]

The Communist Propaganda Apparatus

The propaganda against the military government, whose origin was in fact the communist world, had the capacity to alter reality in the mind of the rest of the world and to establish a false version through none other than the United Nations.

Objectively, Chile had a society that lived in peace and prosperity —all researchers had corroborated that fact—but adverse publicity led 96 countries to condemn the government for running over the rights of the governed. The paradox was that they did not realize it.

One indicator of the power of world communist propaganda was given in research by Chilean historian Claudio Véliz, published in the journal *Estudios Públicos* (Public Studies) No. 108 (2007) of the *Centro de Estudios Públicos* (Public Studies Center in Providencia, Santiago). It was previously published in English in the magazine *Quadrant* in 2007. There Véliz refers to having attended a 1954 meeting in which the Irish Communist leader Alec Digges proposed to create an organization that, under the façade of defending people imprisoned for political reasons, discredited the nations of the free world. Digges wisely worked for Soviet Comintern, a pro-communist propaganda

organization funded by the USSR, and stated that, consequently, it was not convenient for him to appear at the head of the organism he had proposed.

He then proposed that Paul Berenson, who was not identified as a communist, head the organization instead. Interestingly, at the same meeting Berenson rejected the offer saying he was not willing to serve as a “useful fool” of communism. However, something made him change his mind later on, and it was he who, in fact, founded Amnesty International in 1961. That is, for almost fifty years the world did not know that Amnesty International was created as a propaganda organ of the Communist Party of the USSR Its work has been fundamental in creating of a false image of the Chilean military government. In 2000, it was likewise a cause of embarrassment for the British House of Lords that condemned former president Pinochet, having to annul its initial ruling after verifying that one of the judges, Lord Hoffmann, was a partner of Amnesty International, who was also one of the plaintiffs against the former president. That fact was considered to have reduced his impartiality (for good reason).[20]

The Government is Fallen

So forceful was the influence of anti-Chilean propaganda of Soviet origin that it had even penetrated the ranks of the military government itself. On one occasion, toward the end of 1977, I went to the government building named Diego Portales, in fulfillment of some task of my job as director of *La Segunda.* On the entranceway steps I met Jaime Guzmán, the student union leader and close adviser of President Pinochet.

We had an inconsequential conversation but, in passing, when addressing the proverbial theme of such casual encounters, i.e., to comment on “how are things going,” now that a “national consultation” (or referendum of sorts) had already been announced, Jaime surprised me by the following affirmation: “It was the only way out,” he told me, “because the government was fallen.” “And who was going to overthrow it?” I asked, surprised.

My question puzzled him, but he hinted that there were internal dissensions in the junta and some disorientation. I reminded him that it was one thing to bring down a failed administration like the Popular Unity, which had left the country in ruins, was unpopular due to unprecedented scarcity and inflation, was sheltering the clandestine forces preparing to undertake a coup d'état, and that had required not only the support of a substantial political majority but the unanimous action of the armed forces and carabineros, too. However, it was quite another to do so against a government untainted by problems such as those. We parted, I very intrigued. And I suppose that he was still convinced that the administration had been about to fall, and that the announcement of a public consultation had saved it.

The Last Trip of Pinochet

On the occasion of the signing of the new Panama Canal treaty, celebrated between the US government of Jimmy Carter and the Panamanian one of General Manuel Antonio Noriega, all the presidents of Latin America were invited to Washington in September 1977. The Chilean head of state traveled accompanied by a delegation that included the directors of the main national newspapers. The Carter administration was frankly hostile to the Chilean administration—a fact that had been manifested by America's UN Human Rights Commission vote against the country.

Chile was condemned for human rights violations precisely at the time when the number of people killed in the fight against leftist terrorism and subsequent repression had fallen to its minimum level of 25, down from 139 in the previous year and from the 1,261 fallen between September 11, 1973, and December 31, 1973. These data are taken from the Rettig Report, although the National Reparation Commission and Reconciliation (formed later) added another 562. Taking that into account, 1,823 people fell in the struggle of those first 111 days, 57 percent of all those fallen during the more than 16 years that the administration lasted.[21] Note that during those same 111 days of armed struggle during 1973 the entire non-Marxist political-parliamentary spectrum supported the military revolution and

defended it against criticism from abroad, in which the president of the Senate, Eduardo Frei Montalva, and the president of the Christian Democratic Party, Patricio Aylwin Azócar, distinguished themselves.

The president had a long meeting with his American counterpart Carter in the White House, where he was accompanied by his foreign minister, Vice Admiral Patricio Carvajal, and the Chilean ambassador in Washington, Jorge Cauas. On the American side, the team was impressive: in addition to Carter were Vice President Walter Mondale, Secretary of State Cyrus Vance, Assistant Secretary for Latin American Affairs Terence Todman, and Presidential Security Adviser Zbignew Brzezinsky. This group revealed the importance that the American government attributed to the situation in Chile.

Several subjects were dealt with: (1) adherence to, and signing of, the *Nuclear Non-Proliferation Treaty*, with the plea that Chile would sign it once the main powers had done so; (2) Bolivian sovereign access to the sea, wherein the Chilean president pointed out the difficulties represented by Bolivia's instability; (3) the arms race in Latin America, to which the Chilean president assured them that we did not participate, since we were among the least-armed countries in the continent; and, of course, (4) "human rights." With regard to this last subject Pinochet assured everyone that enormous efforts had been made to respect them, but that the Red armed aggression had distorted those efforts.

If the conclusions of the Rettig Report determined fourteen years later had been known then, Pinochet could have documented with figures that internal confrontations had been minimized and that the country lived in peace. Yet as the issue was political and was being stimulated by Moscow and Havana, accusations made leading to UN votes against Chile—including votes of the United States—increased. In the meeting, Carter asked Pinochet to release the detainees on a list they provided, and Pinochet promised to review their cases.

In the afternoon, at the Chilean embassy, the directors of Chilean newspapers talked with Pinochet about the meeting that morning. He revealed that Carter had asked him, "What do you need?" He had

answered (proudly, as he said), “President, Chile is not coming here to ask for anything.” After that question, the meeting ended with both looking at each other in silence. One detail that I have not forgotten about Pinochet’s story is that, as Carter, a leader openly hostile to him, said goodbye, he told us with some satisfaction, he “squeezed Carter’s hand with all the strength (he) could, and (he) noticed that it hurt.”

Meeting with the Presidents of Bolivia and Peru

Pinochet took advantage of the Washington stay that included all his Latin American counterparts to organize a meeting with the leaders of Bolivia and Peru, Hugo Bánzer and Francisco Morales Bermudes, to meet at the Chilean Embassy to discuss issues of common interest. His memoirs relate thus:

> At around 5:00 p.m., the President of Peru, General Morales Bermudes, arrived and went to the Ambassador’s desk, where we discussed the issue of the corridor. I expressed to him that it was necessary to find a solution for Bolivia. His response was that Peru had already replied, and upon that point the rest of our conversation rested.
>
> Then we went to the room where Banzer was waiting for us and there we three Presidents met to discuss the issue, but the words with which the matter was addressed were few and no conclusion was reached. However, we issued a joint statement that stated: “On the occasion of the American heads of state being present in Washington, DC, to elevate the signing of the recently agreed-upon treaty between the republics of Panama and the United States of America, at the initiative of the President of Bolivia, the most distinguished leaders of Bolivia, Chile and Peru met in that capital to consider the state of relations between their countries and the progress of negotiations aimed at resolving the problem of Bolivia’s landlocked condition. As a result of the cordial and constructive analysis that they carried out, and reaffirming the will to dialogue that impelled them, they agreed to instruct their respective foreign diplomats that, in accordance with this

> purpose, they would continue their efforts aimed at achieving a solution to the aforementioned problem. Such termination corresponded to a desire to foment the cooperation, friendship and peace that inspired them." That is, nothing.[22]

Back in Chile, Pinochet received the leader of the Christian Social Union of Bavaria, Federal Republic of Germany, Franz Josef Strauss, who always maintained his bond with the Chilean military government. They met in Santiago and Puerto Montt, the latter place mainly serving to exchange their impressions regarding the influence of German settlements in the area (mainly from 1852 to 1910).

General concerns regarding the international propaganda campaign against the government, which had originated in Moscow and Havana, led to the need to find a strategy to defend the truth. "I named…a commission that would study how to break the myth that we trampled on human rights, but knowing the cost of such a campaign—close to US$5,000,000 a month—I expressed that I preferred to invest that money in houses and other social benefits for the most needy instead of paying consultants who would help us to expose the falsehoods of our detractors."[23]

Annual Economic Balance

The economy really started to take off in 1977, exhibiting a stage of strong growth: GDP increased 9.9 percent—an almost unprecedented figure in Chilean history. Fortunately, unemployment also began to fall: it was 11.8 percent across the whole country, i.e., nearly a point lower than the previous year. Moreover, inflation fell to less than one-half of that of the previous year: 63.5 percent.

The fixed capital investment rate went up a bit, to 13.3 percent of GDP. The fiscal deficit was, at the end of 1977, equivalent to 1.8 percent of GDP. The government was getting close to balancing the budget, an unusual feat for twentieth-century Chile.

However, the balance of trade turned negative, ending up at –231.8 million dollars, and the current account of the balance of payments, very negative, at –551.4 million dollars. Economists prefer

to call this indicator “external savings” …and it is. What happens is that the figure becomes volatile when foreign confidence is lost.

Nonetheless, the capital account showed a surplus of 454 million dollars and the balance of payments figure was positive at 118 million dollars. External debt increased, reaching 5,201 million dollars.[24] The gross international reserves of the Central Bank rose to 273,300,000 dollars, with an increase of 165,400,000 dollars over the previous year.[25]

Chapter 6

1978: “The Year We Lived in Danger”

The Christian Democratic Party and the Communist Party Conspire Together

In *La Tercera* (July 4, 1999, “*Documentos Secretos*” supplement, page 6), it was reported that, on September 7, 1978, a CIA cable sent from Santiago to Washington had verified that the Christian Democrat and Communist parties “have a plan to attack and shake up the government that will culminate within the next few months after the extraditions requested by the United States in the Letelier case are considered.”

There had already been reports of agreements between Eduardo Frei Montalva, the Christian Democratic leader, and Luis Corvalán, communist general secretary, to come up with a unified strategy against the military government (note: see the beginning of the previous chapter).

Historian Gonzalo Vial designated 1978 as the *annus horribilis*.[1] In some respect it was the most horrible year yet, paradoxically, Chile grew economically by 8.2 percent, a rate rarely achieved in its history, even though a little less than in 1977. Furthermore, inflation was retreating, moving away from the hyperinflation of 1973. Domestic peace was practically completed, in spite of people being harassed by an active guerrilla group—the *MIR*—since only nine people had fallen victim to subversive-government confrontations during that year. That is to say, guerrilla actions and the resulting repression were insignificant. Any country that had eluded the anti-*junta* propaganda tide unleashed from Moscow would have envied our stability, domestic peace, and prosperity.

What had happened was that—in the institutional and international order—very far-reaching events had taken place, completely unrelated to the placid realities just described. National and

international policy tends to provoke artificial situations that operate outside of reality.

The Public Poll in Support of the Military Government

The consultation or poll announced the previous year—after having been "a fallen government," according to Jaime Guzmán's odd yet striking revelation to me at the entrance of the Diego Portales building—took place on January 4, 1978. It was a success for the government, which was able to convene a gigantic demonstration at Bustamante Park, near downtown Santiago, that was packed by an unusually large mass of adherents (at least for the political right, which habitually shun such events). The catalyst for the poll was the United Nations condemnation of the Chilean government in 1977, approved by 96 votes in favor, 14 against and 25 abstentions.

The government had made efforts throughout the year to appease the "external front." Ambassador to the United States, Jorge Cauas, had asked the American Secretary of State, Cyrus Vance, for an interview. He had explained the institutionalized steps toward democracy that his government was proposing. Foreign minister Admiral Patricio Carvajal had called the American *Chargé d'Affaires* Thomas Boyatt to inform him that the DINA had been replaced by another intelligence entity, the CNI, noting that it was going to be directed by General Odlanier Mena, a man with an impeccable general service record in matters related to respecting human rights.

The CIA delegation in Santiago informed Washington, "Contreras has been totally shocked by his dismissal, despite the widespread belief that his position was already vulnerable when the *DINA* was replaced by the *CNI* in August. Contreras' attitude has been analogous to the cuckold husband who is the last to know that his wife had betrayed him with another man."[2]

The poll was, without a doubt, a decisive step of the administration to self-insure. But within it operated an "internal adversary:" General Leigh. In reality, that poll would not even have been carried out without the integrity of Pinochet and the inner circle of his collaborators, because besides Leigh, Admiral Merino had also

opposed calling for it. Yet no one suspected the latter of wanting to weaken Pinochet. Nevertheless, he expressed his "total disagreement" with the "basis and form" of that legally inadmissible poll. Nonetheless, he finally agreed to sign off on the call for doing it. Leigh had said that the poll would appear as a characteristic feature of a self-serving administration, lacking any external credibility, and that it would hurt constitutional and legal norms. He had requested that the act be suspended. Yet in the end, he also signed onto it.

Pinochet's most trusted civilian advisers: engineer Eduardo Boetsch, Jaime Guzmán, and ministers Sergio Fernández and Alfonso Márquez de la Plata, authors of the initial idea of calling for such a referendum in support of the junta*,* strongly supported the president. In addition, in terms of domestic public opinion, the United Nations' condemnation appeared ludicrous, since the country was in the midst of an economic recovery and full tranquility abounded. Those facts would be corroborated nearly thirteen years later (as previously noted) by the Rettig Report itself.

Notwithstanding such sentiment, Comptroller General of the republic Hector Humeres Magnan sent written notification to the president that there was no constitutional or legal norm that would allow him to call for such a referendum. A communiqué was sent to the Comptroller wherein opposition lawyers, in turn, expressed their conviction that he should maintain his rejection to the decree that called for the national polling, for it violated the system of government established by *Junta* itself. It was issued by Christian Democrat lawyers Pedro Jesús Rodríguez, Máximo Pacheco Gómez, Alejandro Silva Bascuñán (who had so lucidly established the legitimacy of the military government in 1973) and Víctor Santa Cruz, former ambassador of Jorge Alessandri in London. But the Comptroller was about to retire—and did so just two days before the referendum. Designated in his place was one of the promoters of the *consulta,* minister Sergio Fernandez, who quickly undertook the approval of the decree, welcoming two suggestions from the former comptroller: that the *consulta* was neither mandatory nor would it have any legal effect.

The Management of Public Opinion

The weekly magazine *Qué Pasa* had recognized once in 1975 that, "in spite of negative factors, the obvious fact is that the government is popular."[3] The government spelled out its centers of power and influence. One was the Youth Front of National Unity, which organized a march on December 29, 1978—before the poll was taken—under the slogan "Yes, President." And young people went to the march. Whether many or few did not matter much, because what did matter was that a mass of people appeared in newspapers and on television.

The Faculty of Law of the University of Chile delivered a statement, which was published in the media, where it denounced the UN as an aggressor against our country and pointed out that "it is the fundamental duty of every Chilean to contribute to preserving today's national security, which is severely threatened, estimating the immediate pronouncement of all Chileans to be of the highest national convenience in defense of our country under assault." It also appeared in newspapers and on television.[4] The dean was Hugo Rosende, a hard-line supporter of the government.

Today (2018), the following scenario seems implausible, given the current predominance of the Left in the teaching profession: "For its part, the National Council of the College of Teachers announced its declaration stating that [the college] 'must resolutely be with Chile to demonstrate that, now as on that memorable date [author's note: September 11, 1973, of course] we were women, men and youth, united as one mind, to defeat once again our enemies before the world's stage.'"

To these confederations are added, for example, the directive of the Federation of Trade Unions of the Bank of Chile, the Railway Industrial Federation of Chile, and the pilots of LAN Chile (now LATAM airlines), etc.[5] Pablo Rodríguez, a prominent nationalist figure, also hailing from the toughest sectors of the administration, affirmed that he was "a supporter of political events that give organic backing to the government; hence, it was necessary to mobilize public opinion, not merely sufficing resting on the laurels of our

triumph obtained against the Popular Unity."[6] This statement also appeared in the media. That action represented how public opinion is handled by a government that has the power and the decision to make something happen.

The Result of the National Poll

On Wednesday, January 4, 1978, more than five million Chileans went voluntarily to vote—there was nothing forcing them to do so—presenting their identity card, which had its corner cut afterward to avoid double suffrage. Four million (77.47 percent) people voted "yes" and one million one hundred thousand (19.44 percent) "no," with 3.09 percent voided votes and blank ballots cast, to the following ballot question:

> Faced with the international aggression unleashed against our country, I support President Pinochet in his defense of the dignity of Chile and reaffirm the legitimacy of the government of the Republic to sovereignly head the process of institutionalizing the country.

Next to option "yes" there was a Chilean flag; next to the "no" option, a gray flag. The domestic effect was to solidify support for the government. The external effect was bottled-up surprise, as manifested by the German newspaper *Die Welt* (note: the high German circles were always, with the sole exception of the Bavarian Christian Democratic leader Franz Josef Strauss, extreme critics of the military government): "The figures are so elevated [the results favorable to Pinochet] that they will reinforce his hard-line policies, and far too inferior to those obtained in referendums prepared by totalitarian states, whereby one might deny their significance."[7]

Bolivia Breaks Relations

On March 17, the Bolivian Foreign Ministry informed the Chilean government of the decision of the La Paz government to break diplomatic relations with Chile, due to the lack of progress in the talks stemming from the Charaña agreement and Chile's

intransigence. Those conversations had begun with the idea of an exchange of similar territories along the border with Bolivia. Then Bolivia changed the concept of continuous territory for another one based on territory of equal surface area. Afterward, President Banzer offered to buy some Chilean territory, but Chile did not accept such a deal. “Chilean territory is not sold or given away,” snapped Admiral Merino.

Henceforth, Bolivia began to speak of cession of Chilean territory without compensation, which was rejected by Chile. Besides the two aforementioned proposals, another one had been mediated by the Bolivian minister of integration, Willy Vargas, wherein the railroad from Arica to La Paz would be handed over to his country. That offer had not been accepted or rejected by Chile. In any case, the unilateral rupture returned the situation “to page 1,” that is, to the fissured relations that had prevailed since 1962.

Important Ministerial Adjustments

For the first time, Pinochet ceded political power: in April 1978 he appointed Sergio Fernández minister of the interior, with the power to “form a government,” that is, with the authority to appoint ministers. The link between this decision and the idea of preparing new civilian institutions that would succeed the military government was evident, all falling within the democratizing framework announced the previous year at Chacarillas (the hill overlooking northern Providencia, Santiago).

> He arrived at the Ministry of the Interior with the help of Jaime Guzmán. As he was a person without tremendous visibility, the leader of the *gremialismo* (Guzmán) felt it necessary that the public get to know him. To that end, Fernandez, who was then Comptroller General of the Republic, was invited to give the inaugural speech of the academic year at Catholic University, with great publicity. It was unusual for the Comptroller, a non-political official, to choose the political development of the country as his topic… Days later, Pinochet asked him to become Minister of the Interior, along

with broad powers for the construction of a new institutional structure.[8]

Under a similar charter, Hernán Cubillos was sworn in as minister of foreign relations. He was a retired officer of the Navy—son of a former commander in chief—that for many years had been the "right-hand man" of Agustín Edwards, the principal owner of *El Mercurio* and head of an important group of companies.

Alfonso Márquez de la Plata, an agronomist and former president of the National Agriculture Society, also entered as minister of agriculture. From that point onward, Márquez de la Plata would become a person very close to President Pinochet and, after the end of the military government, one of the most effective defenders of his legacy and disseminators of his work, through books published by a firm of his creation, Editorial Maye. He wrote several of those books himself.

Engineer José Luis Federici entered as minister of transportation and telecommunications; General César Raúl Benavides in Defense; in Finance, Sergio de Castro; in Economics, Pablo Baraona; in Education, Rear Admiral Luis Niemann; in Justice, Monica Madariaga; in Public Works, engineer Hugo León Puelma; in National Parks and Assets, carabineros general Lautaro Recabarren; in Labor, lawyer Vasco Costa; Public Health, Air Force general Fernando Matthei; in Mining, engineer Enrique Valenzuela Blanquier; in Housing, Edmundo Ruiz Undurraga; for secretary general of the government, General René Vidal; for secretary general of the presidency, General Sergio Covarrubias; and in *Odeplán* continued a key man who had been there since September 11, 1973, retired captain Roberto Kelly.[9]

The State of Siege Is Lifted

In March, the president announced that the state of siege had been lifted, lowering the degree of exception to a state of emergency. The curfew was also scaled back, no longer applying to pedestrians. The country was calm. Pinochet announced:

> “The lifting of the state of siege substantially restores the legal protections of personal freedoms characteristic of life under a normal administration, while completely eliminating the operation of military tribunals during wartime, for which the Supreme Court exercises its supervision pertaining to military justice just as it does with any of the nation’s courts.” In a later speech, the contrast between the tranquility and order that prevailed in Chile stood out, “distinguishing us from the immense majority of a world convulsing with violence.”[10]

At the same time, the country was visited by the UN’s Allana Human Rights Commission, which had been denied entrance earlier, this time with at least a partial guarantee of success for Chile: the mission was headed by Costa Rican jurist Fernando Volio, an independent person who believed himself to be well disposed toward the basic ideas professed by the administration.

Furthermore, with the installation of Hernán Cubillos in the foreign affairs ministry, ties with Great Britain were normalized, after being artificially derailed by the case of Dr. Cassidy that had led to the withdrawal of the British ambassador. It is said that Cubillos showed the British foreign minister, Lord Carrington, the trade figures between the two countries, which were lean, while commercial figures were increasing with Germany and France, despite the fact that those governments criticized Chile even more than the British did, yet had not withdrawn their ambassadors. “Trade follows the flag,” argued Cubillos to Carrington. Relations with Britain were soon normalized.

Student Unionism Concentrates Civil Power

Chilean student unionism (*gremialismo)* was a movement born among the students of the Catholic University (in Santiago) in response to the leftist tide that gained control of that university in 1967, with the backing of the ecclesiastical center-left hierarchy headed by Cardinal Silva Henríquez. In reality, it was a right-wing youth movement led by Jaime Guzmán Errázuriz, a former law student and very loyal to the military revolution—both movements aimed at forging a free society. There was not much economic

training underlying his leadership, but he was well aware that freedom of initiative, subsidiarity and the rule of law and order should be the backbone of social coexistence.

> Unionism concentrated its participation in three official organisms. In the first place, it thrived in the General Secretariat of government, which was transformed by the administration into an important ministry—by expanding its competences and human resources—where the control of the media and the mobilization of citizen support lay. For the latter he created the Directorate of Civil Organizations, with three secretariats: women, guilds and youth… Second, its economists and engineers, under the leadership of Miguel Kast, joined the Office of National Planning (*Odeplán*), collaborating with the Chicago Boys in the preparation of economic reforms and managerial evaluation of the ministries. Through the regional planning secretaries (*Serplac*), dependent on *Odeplán*, unionism supported the management of regional governments… Thirdly, they concentrated on running local governments, having the *gremialistas* been appointed as mayors of numerous municipal headquarters of the main cities (Santiago, Valparaíso, Viña del Mar, Concepción).[11]

The Amnesty Law

In 1978, the country was at peace. This fact was confirmed in 1991 by looking at the annual decline in the fallen during confrontations with extremists (Table 1), as reported in the *Report of the Commission of Verity and Reconciliation*, better known as the Rettig Report, and published by the newspaper *La Nación* (Santiago) on March 5, 1991, page 196:

Table 1: Annual victims

1973	1,261
197	309

4	
1975	119
1976	139
1977	25
1978	9

In other words, it was hardly an exaggeration to think that the violence generated by the communist-socialist pretense of taking power by force of arms had finally been left behind. It seemed time to close up the wounds and enter the stage of reconstruction, without winners or losers.

The establishment of the predominantly civilian cabinet of President Pinochet revealed yet another sign pointing in the same direction. The announcements of Chacarillas represented the decisive step toward a democratic administration and associated freedoms. Within this context, the idea of a general amnesty was conceived.

There was a historical precedent, a case, wherein two or three times more victims were generated than the confrontations recorded, beginning in 1973 (2,279 according to the Rettig Report and 3,197 with its complement found in the subsequent report of the National Commission for Reparation and Reconciliation). After the Revolution of 1891, wherein between six and ten thousand compatriots fell (out of a country of two million inhabitants, albeit historians have not yet agreed on an accurate figure), as early as September 1891, after recently fallen Balmaceda took his life, the new government issued a sweeping amnesty law for the eight months of the struggle, with some notable exceptions. However, shortly thereafter, between February and August 1893, the amnesty was extended to all the events that had occurred, except for the “massacre of Lo Cañas” and the actions of Balmaceda during his last ministerial post. Finally, “in

August 1894, the amnesty for the events that took place during the Revolution became absolute and without exceptions."[12]

Another precedent was the so-called *Matanza del Seguro Obrero* (killing of the Worker's Insurance) of 1938. The amnesty law of April 17, 1941, granted this benefit to those who participated in the repression of the revolutionary movement of September 5, 1938, which resulted in over fifty deaths. It added, "Amnesty is also granted to all citizens prosecuted or convicted of crimes arising from political events, and to the staff of the *Carabineros* prosecuted or convicted of crimes committed in acts of service."[13]

The amnesty decree of 1978 carried the number 2,191 and was published in the *Official Gazette* on April 19 of that year. The new interior minister, Sergio Fernández, had prepared it as soon as he was sworn in. The minister of justice, Monica Madariaga; the former minister of justice, Miguel Schweitzer Speisky; and the auditor general of the Army, retired general Fernando Lyon Salcedo, worked on its text with great effort.

All the crimes committed between September 11, 1973, and March 10, 1978, were amnestied. Parricide, infanticide, robbery, intimidation of people with violence, elaboration or trafficking of narcotics, stealing, kidnapping or corruption of minors, misappropriation of funds, fraud, rape and dishonest abuses, smuggling, and tax crimes were exempted. It expressly excluded the Letelier case, too.

On April 20, 97 political prisoners were released.[14] The amnesty allowed, in total, 1,475 extremists who were convicted by military courts, and 578 uniformed men, who were also convicted, to go free. This data is according to information provided by the Human Rights Advisory Committee of the military government, composed of prominent independent lawyers that has since disappeared from the collective memory, like so many other things.[15]

Note that the amnesty of 1941 benefited uniformed personnel who had committed crimes substantially the same as those described as "human rights abuses" after 1973, consisting in taking the lives of dissidents who had taken up arms against the administration. Today the "leftist jurists" would have described them as "crimes against

humanity” or would have resorted to the fiction of “permanent abduction” to circumvent the amnesty law.

Among the amnestied extremists in 1978, Mexican activist José Sosa Gil benefitted, one of the twelve thousand to fifteen thousand or more foreigners admitted during the Popular Unity who was later denounced by the OAS. On August 19, 1973, Sosa had shot dead, at a bus stop, Army lieutenant Héctor Lacrampette, without any known reason. He obtained his freedom in 1978. In any case, at that time, the ecclesiastical hierarchy stated:

> The Church in Santiago values the spirit of concord and national reconciliation invoked in the adoption of this measure and celebrates it as an encouraging sign of a brotherly reunion… The will for peace evidenced in the present amnesty demands that everyone corroborated with it by means of a generous spirit. Only a new attitude of respect, understanding and forgiveness will be able to bring Chileans closer to a new society built on consensus and protected by law.[16]

The Motif of the Missing Persons Rears Its Head

Under the ministry of Sergio Fernández there was a publicized hunger strike of families of supposedly detained-disappeared persons. The new interior minister had to resort to the tools he had, because making people disappear was never a government policy. As the commissions formed under the Aylwin administration (1990–1994) later proved, the country experienced a period of disordered and uncontrolled internal struggle since 1973. In the face of the hunger strike, Fernández declared, on national radio and television channels:

> Faced with the list of alleged missing persons to which the problem has now been reduced, I state categorically that the government has no record of the arrest of any of these people. Considering that most of the alleged disappeared corresponded to activists, it is very possible not only that those people went underground but they were also able to fall

> into confrontations with security forces, under the false identities that they carried, which prevented their opportune individualization.[17]

The hunger strikers occupied dependencies inside international organizations, such as Unicef, the Red Cross, the International Labor Organization, and several neighborhood churches. The international echo that the Left always achieves in its propaganda maneuvers resulted in hundreds of strikers joining to fast in twenty-one European and American countries. The perpetual senator Edward Kennedy visited the strikers in Geneva.

But on the fourth day of the strike, sixty-six individuals from a Catholic unity group took over the Metropolitan Cathedral and, surprisingly, read a proclamation of support for the military government. After fifteen days, the church decided to contact the government, and the interior minister undertook carrying out an investigation. The permanent committee of the episcopate urged an end of the hunger strike. A week later, and despite the arrival in Chile of a commission of Catholic lawyers and the UN Allana Commission, which supported the victims' demands, the interior minister reiterated, "We have no record of the arrest of these people and, therefore, we reject any suggestion that they may be being hidden by the authorities."

Clotario Blest, before the failed hunger strike, a nonviolent action, declared, "When we were about to bow to the hand of the tyrant (Pinochet), the ecclesiastical hierarchy, which at the beginning had supported the victims, ended up being ruled by the conservative (church) segment, such that they left us once again exposed, aiding the dictatorship." The apostolic papal ambassador, Ángelo Sodano, expressed, "Do not kill and not kill yourself either," to which the Jesuit José Aldunate replied, "A hunger strike, even an indefinite one, acquires the character of a meritorious sacrifice on altars of love."[18]

The number of missing persons was estimated by church sources in six hundred at the end of the military government in 1990, as we shall see in following pages.

The Opposition of General Leigh

The commander in chief of the Air Force had been acting for some time as an “internal opponent” and, in particular, as a personal detractor of President Pinochet. Since 1974, he had been discussing the attributes that Pinochet was progressively gaining in the exercise of executive powers. This barrage against Pinochet became a crisis during 1978.

In March, on the anniversary of the Chilean Armed Forces, General Leigh had already made a speech full of institutional suggestions that differed from those promoted by the government—i.e., the ones derived from the Chacarillas announcement given during the previous year and that appeared in the draft of the new Constitution.

As different figures in this chapter will corroborate, the country prospered in 1978 at a pace with few precedents and was almost completely pacified. Indeed, only nine people lost their lives due to political violence and repression. The poll *(consulta)* taken at the beginning of the year had clarified the support of the citizenry, wherein more than five million Chileans expressed themselves electorally, without anyone forcing them to vote.

But the “talkative élites” referred to by English historian Paul Johnson had been able to create a different climate of opinion of their own making. Two corroborating testimonies of the divorce between reality and this political superstructure of wishful thinking fabricated by the adversaries of the military government can be found in the following opinions of (1) the then recently appointed ambassador of the United States to Chile, George Landau, and (2) those of General Leigh.

The former said, “It is only a matter of time until the Army realizes that the only way for Chile to improve its relations with the world is to replace Pinochet,” he told Robert Pastor, an official from the National Security Council in Washington. He added, “The generals know that if we have enough evidence against Contreras, there is no way that he could have done it without first informing Pinochet, with whom he had breakfast every day.”[19]

At the same time, Pinochet's internal adversaries wanted to take advantage of the Letelier case to remove him from power. Leigh, in particular, announced in an Air Force council meeting in June: "I have decided to intensify the attack."[20] He believed that his time had arrived. And in a way, it had—but not the one he was hoping.

Thus, Leigh took advantage of the anniversary of the Chilean Air Force to propose a political itinerary different from that outlined by Pinochet. He was present during Leigh's remarks, and later said that he had been about to leave. Yet he did not do so and asked Leigh to specify his proposals. Leigh specified them on May 16, proposing (1) to exclude the Army from the junta, (2) incorporating twenty civilian advisers to each of the legislative commissions, without approval from the respective president of the commission and member of *Junta,* (3) setting a term of five years to modify the Constitution and to enact electoral laws and political parties. He had his own institutional calendar. What would the rest of junta say?

Leigh Did Not Measure His Own Strength

Finally, the Air Force general went a step further. On July 18, 1978, he granted an interview to the Milanese newspaper *Corriere della Sera*, which was immediately disclosed in Chile. It affirmed there that "our international image" demanded "action from inside Chile itself." "A political itinerary was missing here. If the government announced it," he added, and respected it, "it would provide us with oxygen."

Note the image that this member of the junta had forged regarding Chile: a country on the verge of suffocation. What was left for the man on the street and outside public opinion? But the reality was that the country was growing at more than 8 percent a year, inflation was falling visibly, there was peace and internal and external accounts were in order… But Leigh believed otherwise. He added, "It is already too late, but it is necessary…for a return to normalcy."

In what country did he live? What was "normal" for him? He was the best proof that left-wing propaganda prevailed over reality when it came to convincing people (something that is still happening today). Leigh had "bought" the story about the country being in crisis that Radio Moscow painted night after night and that was reproduced

by his “fellow travelers,” the European press and part of the North American corps. It had only one defect: such a country did not exist.

These baseless images, however, did not stop being important, especially considering that even some of those affected by them—and who were in fact the targets of the criticism—believed them. Throughout history there have been similar examples. People convinced the Shah of Iran that he was fallen…and he stepped down. In Chile itself, General Ibáñez, in 1931, was convinced by people around him that he should resign, and he did so. If Pinochet did not do that, who was going to throw him out? Not the Army, which was with him.

Chileans saw, something more than forty years after 1931, what was required to overthrow a failed government, which became unpopular, that had unleashed scarcity and hyperinflation and had been caught red-handed bringing in illegal armaments in order to facilitate its own coup d’état and with the objective of retaining total power, and—on top of all that—that had systematically run over the Constitution and the law. Only the armed forces and carabineros could topple it by acting together and after an *úkase* civil approved by a substantial parliamentary majority.

Did Ambassador Landau and General Leigh want to convince Chileans that the president of a successful government of a prosperous and peaceful country should resign “to improve the international image?” Everything that the general expressed to the *Corriere della Sera* was nothing but an additional collection of nails in his own coffin: the “return to normality” (i.e., that Pinochet and the junta step down) “did not permit a term greater than five years.” A “program” involving civilians should be developed, because if not, they would risk “precipitating the situation.” Who? A “civil coup” against a “military government”? It seems that history teaches that the resulting blows are the other way around. And then he drove in the final nail: “Unfortunately, for all this there is no understanding to be found in the man in charge, who should understand it better than anyone.”

Corriere della Sera then asked Leigh what he would do if he were president. He replied, “Exactly all the things I just said.” “The national poll or consultation? It should not have happened.” “The Letelier

case? A very delicate problem. I strongly condemn that crime." He added that if there were" anything implicating Chile "or" of the country's agencies, "I would consider my position on *Junta* very seriously."

At that point, in fact, the junta was informed of the participation of the *DINA* in the Letelier case, so the general was considering resigning, that is, to generate a crisis no less than in the own *Junta.* The same day that the interview was known, Merino asked Leigh to disavow what he had said, but he not only did not do so. Instead, he reaffirmed his remarks during a radio report. The next day, the junta brought the matter up at its headquarters in the Diego Portales Building, and its members rose from the table shouting and recriminating.

Pinochet was not resolved to act, but his team of ministers, unbeknownst to him (and more determined than him), were so resolved. At the head was the least expected, treasury minister Sergio de Castro, who had convinced himself that Leigh's purpose was to create a very serious problem for Pinochet and that he was acting in concert with some political party: "He must have been told that he is tall (he was short), with a full head of hair (he was quite bald), and handsome (debatable), and he might have believed it," de Castro declared years later.[21]

A Resolved Committee of Ministers

The committee of ministers acted on their own. The group was made up of Sergio Fernández, from Interior; Hernán Cubillos, from Foreign Affairs; Mónica Madariaga, from Justice; Sergio de Castro, from Treasury; and Admiral Luis Niemann, from Education, plus Generals Sergio Covarrubias (presidential general staff), René Vidal (general secretariat of government, not yet replaced), Julio Canessa (Advisory Committee and National Regionalization Commission), and Odlanier Mena (*CNI*). This *ad hoc* committee acted as a presidential political advisory group, and from it came the idea that the cabinet would write a letter to Leigh criticizing him, while at the same time sympathizing with Pinochet, Merino, and Mendoza. They acted, it is reiterated, on their own and without the president's

knowledge…but it seems a little farfetched that he did not have at least an inkling of their decision. At a subsequent interview, de Castro recalled thus:[22]

> I noticed that both Rear Admiral Luis Niemann from Education and General Canessa of Conara were not very convinced about sending that letter. The problem was that on the one hand they were ministers of state, but on the other they depended on their respective institutions. I remember that Canessa pointed out that the circumstances were quite dicey and that it would be best to give Leigh a possible way out because it was dangerous to corral him. He was very alarmed by the military capabilities of the Air Force. I did not agree and in a rather abrupt way I hit the table and said that, on the contrary, what had to be done was not to leave him any way out and that he had to leave because it was clear that he was trying to corral the President.

In the end, there was unanimous consent to send the letter. As there was no agreement on its content and there was only a draft prepared by Jaime Guzmán, which had been commissioned by Fernández, it was thought best to reconvene to sign it. Nonetheless, again Castro demanded that they put an end to the matter right away, and so it was done. They had a clean copy of Guzmán's draft prepared and signed it just before 10:00 p.m.

In it, their total disagreement with respect to what Leigh had declared to the Italian newspaper was made clear, along with the inopportuneness of the date he had chosen (during the time when Chile was being visited by United Nations human rights commissioners), their surprise that Leigh appeared to be ignorant of the political itinerary established at Chacarillas, and their hope that the Italian journalist had misinterpreted him.

The ministers did not make the letter public, but they did tell the press that they had sent it "freely and spontaneously." Leigh received it at noontime on Thursday, July 20, 1978, and the Air Force Council analyzed it the next day. He could have availed himself of four possible actions positions: not answering, writing to Pinochet

reporting the ministers' insolence, waiting, or leaving the government of the Chilean Armed Forces.

Of the nineteen members of the Air Force Council, seventeen were totally loyal to Leigh. Those not included among the faithful were Javier Lopetegui, air attaché in Washington, and Fernando Matthei, minister of health, neither of whom attended the council of twenty-one. Leigh asked Matthei to resign from the Chilean Air Force, which he planned to do on Monday, July 24, 1978.

Merino visited Leigh and asked him to resign from the junta, but he dismissed the idea, mocking the seriousness of the request. And in only one page he responded to the council of ministers declaring it to be "legally nonexistent" and lacking "representation to address the highest authorities in the country." Finally, he reiterated his statements to the Italian newspaper and declared that he would not be instructed by those who had not lived through September 11, 1973. He immediately made his response public, which led the ministers to publish, too, their letter. The crisis thus took full public status.

On Friday, July 21, 1978, Pinochet met with the Army high command generals at the Diego Portales building, while Leigh met with the aviation officers at the Ministry of Defense. On Saturday, July 22, 1978, Leigh was visited by Air Force general José Martini, the second highest-ranking officer, Air Force colonel (and lawyer) Julio Tapia, along with his adviser, and radical lawyer Jorge Ovalle. Given the rumors of dismissal, they concluded that there were no legal weapons to make it happen. They were wrong: there was one. At that time Roberto Kelly, Sergio Fernandez and Sergio de Castro convinced General Matthei not to give up his ministerial post or his commission in the Chilean Air Force.

Position Hardening

Admiral Merino sought to negotiate a way out, suggesting that the aforementioned second-in-command of the Chilean Air Force, General José Martini, replace Leigh, but both Leigh and Martini agreed to reject the idea. Leigh thought he stood on solider ground than he really did. It is true that he had the full support of all his

generals, and that the Decree No. 527, the statute of the junta, established that the removal of a member could only come in case of some “absolute disability.” Yet it was demonstrated, too, that “absolute disability,” paradoxically, was a relative term, since another article of the statute determined that only the three remaining members of *Junta* could determine when such circumstance existed.

But General Leigh believed that his posture was so firm that on Monday, July 24, 1978, he attended a meeting of the junta in Pinochet’s office, on the fifth floor of the Diego Portales building. He carried a document that, he surmised, was going to resolve the crisis. He announced that the junta meet in a permanent session “until the itinerary of institutional restoration was clarified.”[23] But during that time the Army had surrounded all the bases of the Chilean Armed Forces in the country, including the main one, El Bosque, and had also surrounded the Diego Portales building. The other members of *Junta* sharply criticized Leigh. Pinochet replied to Leigh’s document by citing another document that enumerated the times in which Leigh had publicly contradicted the junta. The three remaining members asked him to resign. He refused. They told him they had prepared the decree to dismiss him. “Do whatever you want,” he said, “but it is illegal.” And he left.

Fate Marches to the Tune of Its Own Drummer

On Monday, July 24, 1978, General Matthei was going to present his resignation from the Air Force to Leigh, as had been arranged. But that morning on Costanera Avenue he was overtaken by Roberto Kelly, who was assigned the mission to inform Merino in Viña del Mar that Leigh was going to be removed. Merino had agreed, and Kelly informed Pinochet.

Kelly was surprised that Matthei, instead of continuing in his car and going to the Ministry of Health, located on Monjitas Street, entered with him into the underground parking of the Diego Portales building. “Why have you come here? Is there some ceremony you are attending?” “I came to present my resignation to the Chilean Air Force and I saw you pass by. I am going to communicate the same news to Sergio Fernández.” “Surprised,” Kelly continues, “I asked

him why he had made that decision… We both went to the office of Fernández, who arrived a while later followed by Sergio de Castro."[24]

Matthei was finally dissuaded by the three ministers from resigning from the Chilean Air Force, because if he had, he could not have been commander in chief and *Junta* member serving as Leigh's replacement. Consequently, he remained in an office inside the Diego Portales building waiting for events to transpire. At 9:30 a.m., Pinochet called him and said, "Look, Matthei, we have kicked Leigh out and named you commander in chief of the Chilean Air Force and, therefore, a member of the junta. So, proceed to take command of your institution."

Meanwhile, the minister of justice, Monica Madariaga, had drafted the decree removing Leigh, which was sent to the comptroller's office, where they delayed enacting the decision for a variety of bureaucratic reasons, but finally dispatched it to defense minister General César Raúl Benavides, who stamped it as "totally processed." Then Benavides went down two floors and broke into the meeting of the Chilean Air Force generals, telling Leigh that he had been dismissed and had to leave. He told the others that they should disperse. Leigh said that only a decree could dismiss him, and Benavides exhibited it to him, saying, "Here is the decree."

Eight generals of the Chilean Air Force who were senior to Matthei resigned, and others did so, too, except for Lopetegui, who was in Washington, and Matthei himself. Matthei thus proceeded methodically to promote the respective colonels under each specialty, meeting with half of them in Cerrillos (Air Force base in western Santiago) and with the other half in El Bosque (Air Force base in South Central Santiago), leaving the (Air Force) high command immediately reconstituted, while the generals who had resigned ate for the last time in the dining room of the commander in chief. All the resigned generals, and almost all the recently promoted ones went to see Leigh that afternoon at his house. Fewer went to see Matthei: some friends and ministers, headed by Hernán Cubillos.[25]

Public Anticipation and Attack

La Segunda, the afternoon paper that I was then managing, was in a good position to report all the happenings, because they took place at the "perfect hour" for an evening newspaper, such that the stories could be covered as soon as the paper hit the street, at 2:00 p.m. Over eighty thousand copies were sold that day—more than three times the usual amount, after printing several extra editions.

General Leigh, already retired, devoted himself to working as a real estate agent and was victimized years later, in his office, by assailants of the armed communist wing, the Manuel Rodríguez Revolutionary Front (*FPMR*), along with his brokerage partner and also retired general Enrique Ruiz Bunger, who had been director of intelligence for the Chilean Air Force. Both survived, but Leigh deteriorated greatly and lost an eye. His partner, and fellow soldier, was badly injured, too, and was left with one arm immobilized. Moreover, he was later persecuted by the misrepresentations of leftist justice, following the death of two *MIR* terrorists in the 1970s, for actions that fell under the statute of limitations. He passed away in his 90s as a partial invalid, after being taken from the Punta Peuco prison to an institutional hospital.

Their aggressors were surely among those pardoned by Aylwin, and enjoyed work guaranteed by "humanitarian institutions" in Europe. The guerrillas of both the *MIR* and the *FPMR*, or their relatives, have received multiple legal and pension benefits, as compensation for having been deprived by the uniformed men of the "right" to seize power by force of arms and to establish a totalitarian administration in Chile without elections or terms.

The Pinochet Version

The chairman of junta issued a statement in which he explained thus:

> On repeated occasions and in different instances, Mr. General Leigh has been represented that his position involves a return to a past that the country should not have to suffer again, because this is a government that is not merely

rectifying older structures. With respect to these facts we kept constant silence and discretion until the efforts to convince the commander in chief of the Air Force were exhausted—that his position was daily less compatible with the principles for which he himself had fought for earlier.

Such a regrettable process has culminated in recent days by statements that were disseminated abroad, the content of which compromises national security and is, furthermore, harmful to the government of the Armed Forces and social order. The junta, in use of the powers conferred by Decree No. 527 of 1974, has unanimously agreed that the conduct of Mr. General Leigh typifies an absolute disability in continuing to exercise his authority, from this same date, his position as a member of the honorable government of the junta and commander in chief of the Chilean Air Force."[26]

General Matthei was sworn in and took over his new and elevated function as commander in chief and *Junta* member under very awkward circumstances, but he acted well and, as he himself stated, "The only danger was that the Air Force would not accept me as commander, but as I stated before the press, they accepted it as something inevitable. There was no one to say, 'hold on there, wait a minute, general!' Within two months I had the Air Force running perfectly."[27]

The Leigh episode had ramifications. Years later, the leftist trade union leader Clotario Blest confessed, when asked a question by writer Mónica Echeverría:

I was told by some members of CODEHS that Leigh's team had been in contact with you months before. Indeed, some colleagues of the ANEF invited me to a meeting in the office of a well-known lawyer. There they hinted to me that a *coup* was being prepared against Pinochet by the Air Force and they asked me if I would be willing to support them, offering in exchange a high position in the future government. "What did you answer?" I told them that in 1956 the *Línea Recta* (straight line) movement had made the same proposal to me and I had flatly refused, because you will understand, I added, that I am

> not willing to participate in any coup-led adventure led by uniformed men, I believe in democratic ideals. Despite my refusal, they bugged me several times, several weeks later.[28]

Grand Strides toward the New Constitution

1978 was one of the most momentous years for the military government, at least in terms of the events that transpired: the national poll or consultation, amnesty, the dismissal of General Leigh and, as we will soon see, quasi-war with Argentina (and potentially with Peru and Bolivia). Beyond that, on August 16, 1978, the commission to study a new constitution, also called the Ortúzar commission or constituent's commission, which had worked on it for almost five years (remember that it began to meet shortly after September 11, 1973), delivered its preliminary draft constitution, through its president, Enrique Ortúzar Escobar, to the president of the republic.

The minutes of the commission are contained in twelve large volumes, utilizing the same format as the minutes of sessions of the old national Congress, where the work of transcription and editing was done by the heads and officials of Parliament when that body was declared to be in recess. The following day, September 11, 1978, in his speech commemorating the anniversary of his stellar achievement (the Chilean military revolution), Pinochet referred to the draft (of the new constitution) and announced that the next step would be to consult the State Council, which would issue a report that would finally permit the junta, with the collaboration of the technical committee of the constituent commission, to approve the final draft. The new constitution would then be submitted to the citizens by means of a referendum.

Nevertheless, the president of the State Council, Jorge Alessandri, returned the draft to the government when he received it, noting that it did not comply with the proper format suitable for such, an articulated text, i.e., the proper text of a Constitution (divided into articles). Hence, Pinochet, in turn, returned it to Ortúzar and the constituent commission. Then, on October 18, 1978, the articulated text requested by the council was resent to the president of the

republic. This effort would finally be finished on August 8, 1980, after twenty-one months and fifty-seven plenary sessions, delivered with four extensive documents totaling three hundred fifty pages.[29]

Urgent Task: Placate the United States

Being indispensable to remedy the negative effects that the acts of Chilean intelligence officers in the Letelier case had had on our relations with the country up north, especially given that it was governed by democrat Jimmy Carter, it became clear that the prime author of the attack had to be delivered up: American Michael Townley. The Americans had already verified that the photographs of the passports with visas granted in Paraguay by the US Embassy, allegedly for “Juan Williams Rose” and “Alejandro Romeral Jara,” were actually for Townley and Armando Fernández Larios, a Chilean intelligence lieutenant. Adding insult to injury, Townley was certified in Chile by ambassador George Walter Landau, who had been ambassador in Paraguay when he had extended the passports.

In order to reach an agreement in that regard, the Undersecretary of the Interior, General Enrique Montero Marx, and a contract lawyer hired to collaborate in the case, Miguel Alex Schweitzer, son of the former minister of justice, traveled to Washington on April 7, 1978. There they negotiated with the prosecutor in charge of the case, Eugene Propper, and his associate, Larry Barcella, the terms of the agreement whereby Townley would be expelled from Chile.[30] Doing so aggravated the situation internationally, that had already been stirred up by both Chilean and world leftists, such that a boycott of Chilean exports to, and imports from, the US and European ports was declared in 1978.

Concurrently, the situation of the prisoners or jailed leftists in Chile, which motivated a notorious international smear campaign against the government under the pretext of “abuses of human rights,” was softened by the government. Accordingly, on April 15, 1978, it agreed to release 109 inmates found guilty of violating internal security laws, granting them authorization to leave the country.

Those people are now counted among the “exiles,” in circumstances wherein the government really did not exile massively

people from the country. Moreover, if a large number of travelers abroad was seen, it was often due to people freed that had been subjected to prosecution for violating internal security rules. They had obtained invitations to go to other nations as refugees, generally finding advantageous economic situations and secure jobs in Europe and Canada and had a desire to travel abroad.[31]

The Civilian Team Is the Majority

Between April 1978 and December 1978, the cabinet was made up of a majority of civilian ministers. Initially departed with the aforementioned appointment of Sergio Fernandez, who had been labor minister, under the Ministry of the Interior. A point in time was even reached where there was talk about making him a kind of prime minister, but that did not happen—although Pinochet did put him in charge of forming the rest of the cabinet. Along with him, General César Raúl Benavides was sworn in as defense minister. Years later he would become vice commander of the Army and, as such, a member of the *junta.*

As noted earlier, Hernán Cubillos was appointed foreign affairs minister in April. Later, in December, Gonzalo Vial, a lawyer, historian and educator, took over in Education, replacing Admiral Luis Niemann. In the Ministry of Labor and Social Welfare, José Piñera, a graduate economist at Harvard, assumed power. He would promote far-reaching reforms in labor law, social security and, later, as mining minister, the disposition of mining property. That action would consecrate the essential conditions for the inflows of investment pertaining to that specialty into the country, after placing the real rights of mining concessions into private hands. He replaced lawyer Vasco Costa, and Chicago Boy Miguel Kast in *Odeplán*, taking over for Kelly, who took over in Economics.

In housing, however, retired General Jaime Estrada took charge, replacing the civilian Edmundo Ruiz. In Mining, another uniformed man, ship Captain Carlos Quiñones, took over for Enrique Valenzuela. Roberto Kelly went to the Ministry of Economy, Development and Reconstruction, who had previously been the adopted heart and soul of the military government on account of the

economic model inspired by *El Ladrillo*, which he had compiled, then ordered its printing and distribution. In Agriculture, Alfonso Márquez de la Plata was sworn in, an agronomist and former president of the National Agricultural Society.

Curiously, José Piñera's appointment was challenged by the Air Force (vote on the *junta*), arguing that he was too close to being a Christian Democrat. In fact, his father had spent his political life as an activist in that party, as well as his brothers, but José fully participated in the fundamental lines of free market policy espoused by the military government. Sergio de Castro had to speak with Fernandez, following the "air veto," and he with Pinochet, until he managed to overcome it and name Piñera to the post in Labor and Social Welfare.[32]

As could be seen, in order to balance things out prior to the entry of more civilians into the cabinet, the president appointed two uniformed officers to replace civilians: in Housing, retired Army general Jaime Estrada, and in Mining, ship Captain Carlos Quiñones. The first of these two was favorable, and the second on adverse to, the Chicago model. In any case, only seven soldiers remained: the two newly appointed ones, plus General César Raúl Benavides in Defense; Air Force colonel Mario Jiménez in Health, General of the carabineros Lautaro Recabarren in Lands and Colonization, General Julio Fernández in the General Secretariat of the Government, replacing his similar colleague René Vidal, and General Sergio Covarrubias in the General Secretariat of the presidency.

Two posts headed by civilians remained unchanged. Mónica Madariaga, ex-lawyer of the Comptroller General of the republic, related to President Pinochet and a person he trusted, continued in Justice. Likewise, Hugo León, civil engineer and construction manager, did so in Public Works. Chicago Boy José Luis Federici filled the final ministry post in Transportation and Telecommunications.

There was also already in 1978 an organization offering civilian and informal political counsel for the executive, known by the acronym *ASEP*, through which important, well-experienced politicians served: Francisco Bulnes Sanfuentes, former senator of the National

Party, Juan de Dios Carmona, former senator and former Christian Democratic minister (who had resigned from the party); Sergio Diez, also a former senator, but from the National Party; Angel Faivovich, former Radical Party senator, and Hugo Rosende, lawyer and law school dean of the University of Chile, who had been a congressman of the late Conservative Party.

José Piñera "Dismantles" the Boycott

The leader of America's AFL-CIO union, George Meany, sent a threatening ultimatum to President Pinochet, demanding the following terms:

> If by November 28, 1978, I have not received a satisfactory response from President Pinochet pertaining to trade union freedom in Chile, the AFL-CIO will be willing to cooperate with all its sister unions in Latin America and the Caribbean to mount an international action against the Chilean government's repression against its workers.[33]

It happened on November 28, but labor minister José Piñera employed a plan. During his university summers in the United States, he had worked at the WR Grace House on Wall Street, pertaining to financial magnate and influential businessman Peter Grace, who had many businesses in Chile, some operating for many years. He took advantage of this contact and managed to bring the tycoon to the country in December.

> Grace arrived in his private plane at the Pudahuel airport on December 28, 1978 at 8 o'clock in the morning, accompanied by Cuban Tony Navarro. At 9:30 in the morning he attended a meeting with Sergio de Castro and José Piñera at the Ministry of Finance. At 11:45 he was received by Pinochet. At 5:00 p.m. the conversations with Piñera and de Castro continued, and at 8:00 p.m. they offered him a farewell meal, after which he returned to New York.
>
> His message was unequivocal: the labor-legislative system in Chile had to be changed as the only way to stop the boycott. On January 2, 1979, Minister Piñera announced to

> the country the guidelines for what would be known as the "labor plan," after meeting with union leaders and, above all, employers. That same day, Interior Minister Sergio Fernandez sent instructions to regional presidential representatives and governors, indicating that the union boards of directors could hold ordinary and extraordinary meetings to be fully advised of the details of the labor plan, at union headquarters and outside of working hours, without the need for prior permission…" A phone call from Grace to Piñera brought the news: the American boycott was suspended until the first week of July 1979. For the first time, Piñera utilized an intercom to communicate with Pinochet to give him the good news.[34]

New Boycott Threat

On November 29, 1978, an inter-American trade union organization, ORIT, ramped up another boycott threat against Chile. It provoked a massive response in Plaza Bulnes of Santiago, which was attended by an unexpectedly large number of people, who paraded for hours. It was presided over by the junta. The protest was not only surprising on account of its magnitude, but also because it happened quite spontaneously, and because representatives of non-Marxist workers expressed their strong support for the government. Similar concentrations of people appeared in Arica, Antofagasta, Copiapó, Concepción, Temuco, and Puerto Montt.

Addressing Chilean citizens, the president of the Metallurgical Industries Union, Nelson Aguilar, repudiated the boycott threat, saying, "We Chileans are proud to say that we have been able to deal with any type of problem and we have always managed to get ahead—with effort, with drive and with manliness." Afterward, the president of the Maritime Confederation of Chile, Martin Bustos, said, "We are facing great aggression mounting from the ambition of a few people, along with the misinformation imbibed by many others, that has facilitated against our country…and the leaders of this boycott, prepared against Chile, clearly do not care if they bring

starvation and poverty to the working class." Pinochet also spoke and highlighted the achievements gained for the benefit of workers:

> Despite being deprived of all kinds of aid, we have reduced inflation, extreme poverty and we have structured the economy towards full development. We strengthened the grassroots unions, which are the genuine representatives of the workers. We trained more than 150,000 workers through scholarships for them to perfect their skills, through the training policy created under this government. We created teaching careers that dignified educators. We have put an end to the inequalities in monthly, employer-paid, child-based welfare payments to unemployed parents. The odious differences between white- and blue-collar employees has ended. Collective agreements have been complied with in full, with sanctions applied according to the legislative rigor to those who intended to ignore them. Maternity leave was given to the working mother, transportation, lunch and minimum income allowances were given to workers. Severance pay was granted for public and private sector workers who lose their jobs. Welfare benefits for invalids and the elderly were extended. A policy was enacted to automatically adjust wages three times per year—equal to 100% of the rise in the cost of living during the same period. Today, one or more unions, whether industrial or professional, can be set up within the same company. As a consequence of that freedom, the worker may choose to join or not to join a union, eliminating the mandatory nature of dues, which beforehand had led to abuse and injustice, snatching away freedom. In the future, each worker will freely determine to which federation, confederation or entity outside the company his dues will be allocated, which he previously had no means of controlling—at least in terms of their effective use.[35]

That massive and cohesive internal response ruined the boycott attempt by the ORIT.

Argentina Ignores Judicial Loss in Beagle Canal Ruling

Another event that made 1978 one of the most difficult periods that *Junta* had to face was Argentina's refusal to recognize H. M. Britannica's ruling regarding the Beagle Canal the previous year, which had declared Lennox, Picton and Nueva islands as Chilean, even though those islands had been declared Argentine territory by our neighbor. The neighboring government communicated by diplomatic note to the Chilean authorities that "it had decided to declare the decision of the arbitrator to be null and void." But that trans-Andean attitude and legal opinion did not bear up under scrutiny.

> As former Ambassador Gutiérrez Olivos pointed out, it will suffice to refer to the opinion that this document merited one of the greatest eminences in contemporary international law, Professor Charles Rousseau of the University of Paris, who wrote: "The Declaration of Annulment dated January 25, 1978 is a document of ten typed pages that proves the point that certain South American admirals have a great need to take some night courses in international law."[36]

Unfruitful conversations had taken place between the presidents, Generals Videla and Pinochet, at the Plumerillo airfield in Mendoza on January 19, 1978. The meeting lasted all day. The respective diplomacies were absent. Pinochet's assistant was Colonel Ernesto Videla, who later played an important role in forming the *1984 Treaty*. Some agreements were reached, but they were objected to by a naval representative from Argentina, who wanted to force Chile to withdraw its forces from the disputed islands. Pinochet recalled:

> It was necessary for us to rewrite and correct over four or five times the "*Acta de Mendoza*," as a general of the Argentine Marine Corps wanted to incorporate his ideas, until I objected to doing so in a harsh and abrupt manner. Doing so forced President Videla to resolve that the officer no longer be allowed to participate in drafting the document.[37]

Then there was another meeting of both presidents at the El Tepual airport near Puerto Montt, during February 1978. The Plumerillo minutes were signed there, without adding what the Argentine naval representative desired. Pinochet said that Chile would abide by the legal ruling and the treaties in force between both countries. Videla was criticized in Buenos Aires for not reacting to that affirmation and thus issued a statement: “The arbitration award does not exist. The legal path is finished.”

Chile had until November to appeal to The Hague for enforcement of the award, Argentina maintained that going through The Hague would mean war. The new Chilean chancellor, Hernán Cubillos, thought of using papal mediation as an alternative.

The Crux of the Matter

The defeated Argentine thesis held that the course of the Beagle Canal veered south before Picton, Lennox and Nueva islands and that they were east of the Cape Horn meridian, in the Atlantic. That meridian originated a straight-line northward that determined the border between the two countries, devolving according to the bi-oceanic principle, by which our country could not claim any point toward the Atlantic, or Argentina any point toward the Pacific. The Chilean thesis, confirmed by the award, was that the Beagle Canal ran from east to west and, therefore, according to the *Treaty of 1881* between the two countries. Thus, all the islands south of the Beagle Canal to Cape Horn were Chilean.

Chile had hastened, as soon as the decision was issued, to appoint “sea mayors” on the three islands and specify its territorial waters—through Decree No. 416 (July 1977)—already discussed in the previous chapter. Argentina opted to threaten war if its claims were not granted and throughout 1978 mounted a real spectacle of war preparations, with a transfer of troops to the south, high-caliber cannons placed near the border, early morning fighter aircraft flights touching the Chilean border, and the operatic (recall the operatic visit the year previous of Admiral Torti) shipment by rail of thousands of coffins to the southern zone.

All this activity forced our country to undertake an unforeseen military, naval and air deployment that led to huge unbudgeted expenditures, especially on account of the Kennedy Amendment, which prohibited the United States from selling arms to Chile. There was persecution of Chileans in southern Argentina, with Governor Néstor Kirchner of Santa Cruz distinguishing himself by his hatred, despite being the son of a Chilean mother with the surname Ostoic—one of the best-known families of Punta Arenas. Kirchner instead said his mother was “Croatian.”

Argentina sent its only aircraft carrier to the Island of the States, in the far southern zone and everything seemed to announce a breaking out of hostilities. President Pinochet had been categorical in discarding any possibility of a territorial concession and reduced any negotiation to dealing with territorial waters. By December 20, 1978, war seemed imminent, and orders were dispatched by Admiral Merino to the squadron in the southern archipelagos to open fire at any sign of maritime invasion. By land, the armies faced off and there were frequent border incidents that could have caused a widespread conflict.

But a very violent storm broke out over the southern Atlantic zone and seemed to affect the Island of the States and the Argentine Navy more than the Chilean one—at least according to what the news said. On the critical date, December 22, which fell on the Saturday before Christmas, I was in my office of *La Segunda* evening newspaper in the morning. Around noon, when I had to select and send the headline for that day, I received an anonymous call from the Ministry of Defense, whose approximate words were:

> I am a naval officer, but I cannot give you my name. I want to inform you that the Argentine Navy, whose track is strictly monitored, has taken up anchors in the southern zone and is heading north towards Puerto Belgrano.

This meant that the imminent danger of war had passed. As editor of the newspaper, I had to choose between running with the anonymous information I had received or not. I took the risk and, indeed, *La Segunda* was the first newspaper to publish the return north of the Argentine naval force. Therefore, the imminent

engagement in the southern insular area ended. On December 22, Pope John Paul II announced his mediation in the conflict. Our country bowed without hesitation and Argentina with reluctance, but at 6:30 p.m. that day it was announced. The danger of war had passed.

Annual Economic Balance

In 1978, the country continued to grow strongly, although not as much as the previous year: 8.2 percent. Inflation fell again to less than half of the previous year: the CPI increased 30.3 percent. The fixed capital investment rate rose to 14.5 percent of GDP, up from 13.3 percent the previous year. Unemployment throughout the country decreased from 14.2 percent to 13.6 percent, showing some improvement. The fiscal deficit continued to fall, this time to 0.8 percent of GDP. A balanced budget was imminent.

The external situation deteriorated, however. The balance of the commercial trade was negative at –782,6 million dollars, more than three times that of the previous year. The negative balance in the current account worsened to –1.087,9 million dollars, close to double the previous year. And the external debt reached 6,664 million dollars.

Nevertheless, the balance of payments capital account showed a large surplus: 1.234 million dollars. More and more foreign capital was entering the country. The balance of payments was again positive, larger than before, reaching 712 million dollars.[38] Moreover, the gross international reserves of the Central Bank reached 1,058 million dollars, with an increase of 784,700,000 dollars over the previous year.[39]

Chapter 7

1979: Economic Consolidation and Social Peace

Papal Mediation with Argentina

On January 8, Pinochet was in Tierra del Fuego to open the fuel valve for the “Orión” deposit, located in the midst of the Strait of Magellan’s waters, when he received a call from foreign minister Cubillos from Montevideo, who told him that the dialogue with Argentina that was taking place before Cardinal Samoré to invoke papal mediation had failed. The cardinal, tired of the wrangling, returned to Rome. Pinochet affirmed having told Cubillos: “Chancellor, if the talks fail, they fail; but under no circumstances will we be its cause. So, you must act according to this criterion.”[1]

On January 8, fortunately, both nations signed the Montevideo Act committing themselves not to use force to resolve their differences, they submitted to the mediation of Cardinal Antonio Samoré to resolve the disagreements and they agreed to a gradual return to a normal military situation, such as what had existed in 1977.

Upon his return to Santiago, Pinochet was greeted by an expressive letter from the archbishop of Valparaíso, Monsignor Emilio Tagle Covarrubias, who always maintained a constructive attitude toward the military revolution, saying thus:

> With lively recognition and patriotic emotion, I would like to express my sincere congratulations for the contented success of the pontifical mission… For this reason, together with thanking the Lord, the Holy Father, Cardinal Samoré and Mr. Nuncio, I would like to express to Your Excellency and to the chancellor, by these lines, my gratitude as a Chilean and a Bishop, just as I manifested during the holy mass celebrated at the Cathedral the day after the Montevideo Act.

> We implore the constant blessing of the Lord on the country and its government… Emilio Tagle Covarrubias, Archbishop and Bishop of Valparaíso.[2]

It took more prelates like him to strengthen the spirit of the rulers during the long period when they faced serious border challenges and, in general, the generalized aggression of one of the darkest international forces in the history of humanity: communism.

Energetic Opposition Statement

In a slightly extemporaneous way, but widely echoed in the media, a group of personalities from different parties, Marxists and non-Marxists (such a union not having been seen before), asked the government to divulge further details about the murder of Orlando Letelier and the crimes of Lonquén committed in 1973 that were only discovered in 1978. Neither the junta nor Pinochet—it was demonstrated in the end—had participated in or had previous knowledge of either crime, but the communiqué intentionally attributed both transgressions to them, taking its cue from an old ruse of political-partisan guerrillas.

It was signed by Patricio Aylwin, Orlando Cantuarias, former minister of Allende; Manuel Antonio Garretón, socialist sociologist; Julio Subercaseaux, socialdemocratic opponent of the government (would be a failed PPD senatorial candidate in 1989); Belisario Velasco, one of “the thirteen” Christian Democrats who repudiated the pronouncement of 9/11 from the first day; Gustavo Yunge, of the Christian Democratic Youth (JDC), and communist writer Francisco Coloane. “The scandal caused by those deaths cannot be hidden,” they said. “Not only the affected families, but the entire country, too, have a right to know the truth…it is urgent and indispensable to submit the facts for full clarification. Not only to know the truth, but to free those who are innocent.” Pinochet answered personally: “They come together now, uniting just well as oil and vinegar. Communists combined with Christian Democrats, radicals and liberal democrats in a mishmash. They are a bunch of politicians who are guilty of all the ills that have befallen Chile.”

At the end of June, the government suspended operations of the opposition's magazine *Hoy* for two months, citing as the cause the publishing of interviews with socialist party leaders. Doing so had violated an intransable principle of the administration: the exclusion of Marxist parties from permitted public activities. But the measure provoked a lively political debate across other media and Frei Montalva criticized the attitude of "silencing an organ of independent and objective expression."

In fact, in 1979, there was a lot of freedom of expression and, although one magazine was suspended, in all other media appeared well-known Christian Democrats like Andrés Zaldívar, Jaime Castillo Velasco, Raúl Troncoso and Tomás Reyes, who tried to refute presidential postulates—in the sense that the old democratic scheme was not able to confront Marxism. Christian Democrat representatives demanded the return of fundamental freedoms, the creation of a constituent parliament, the restoration of trade union rights, the enactment of a statute to establish political parties, and the commitment to obtain a consensus that would guarantee a democratic debut and its subsequent effective development.

In turn, the adversarial Constitutional Studies Group asked—responding to Pinochet's question about if a formula existed for Chile to return to democracy in peace and freedom—whether people would be allowed to meet and utilize the media (without restriction) to inform the Chilean people about the democratic alternative that any particular group proposes. Pinochet responded: "Look, those who are raising the voices are only in the political sector; the citizens are unruffled. The latest Gallup poll has provided me the answer: only 8 or 9 percent do not agree with the current process. And the rest? 'We are fine as we are, so let us keep moving forward.'"[3]

Decree on Professional Associations

In February 1979, a decree was issued freeing people from having to pay mandatory professional fees and establishing noncompulsory participation in professional associations, that placed barriers to entry to those professions, for those working in public administration. The provisions of the decree had outraged the leaders of such

entities. But it was a step in the direction of strengthening individual liberties and free competition.

Pinochet met with them and formed a commission to study their concerns, with the Ministry of Justice, Monica Madariaga, and the president's Chief of Staff, General Fernando Lyon, to reevalute the decree. Shortly afterward, the rules on "trade associations" ("asociaciones gremiales") established in the private sector were issued—nonprofits—which were prohibited from fomenting political activities and were forced to respect voluntary membership.[4]

The seal of the government was for depoliticization and greater personal freedom. These were the basic values that, from the beginning, inspired the 1973 military revolution. From then on, all professional associations had to begin to establish themselves as such trade unions.

A New Labor Policy

On January 2, 1979, the minister of labor, José Piñera, announced the details of his new labor plan, which aimed at modernizing labor legislation, turning it into an appropriate instrument for the functioning of a free economy. With his characteristic dynamism, he began by bringing together some four hundred trade union, syndicate and business leaders to inform them of the legislation that would be proposed and that would have an immutable underpinning: freedom.

This policy seemed to be paradoxical under an authoritarian government, but it was, precisely, the seal of José Piñera, who convinced the minister of the interior of something that seemed unthinkable. He sent a circular to all the regional administrators and governors in order that they not place any obstacle in the path of the intended meetings of union boards. Moreover, no prior authorization would be required, provided that the meetings take place outside of working hours and at the unions' meeting places.

As a sign, it could not have been more powerful, because worldwide leftist propaganda claimed that one of the rights violated by "the Chilean dictatorship" was the right of free assembly. Well, from that point on, the military revolution would allow unionized

workers to meet without prior permission in order to analyze proposed policy reforms or deal with any other issue.

The labor plan permitted collective bargaining, but only for each company. It permitted strikes but contained a provision that would allow the government to put an end to them after ninety days—if they were negatively impacting the country's economy. Putting words into action, Decree No. 2,544 was issued on February 8, 1979, recognizing the freedom to hold union assemblies and repealing the provisions that prohibited them.

Next, Decree No. 2,545 was enacted, authorizing setting and collecting union dues, but all based on the main motif of the government's socioeconomic program: freedom and the voluntary nature of contributions. Still, it recognized the obligatory nature of payroll deductions for such dues for affiliates of unions and syndicates, while insisting that the basis of membership itself be voluntary.

Pinochet frequently met with groups of union leaders, who did not hold back criticizing the administration. He once received Hernol Flores, president of the National Association of Fiscal Employees (*ANEF*). He displayed clear verbal demagogy: "The military has always had a revolutionary attitude, favoring the working class and the people in general."[5] Yet he warned that the new legislation would still "maintain its line drawn in the sand"—i.e., greater personal freedom and adaptation of legislation to the realities of the market.

At the same time, the so-called "group of ten," i.e., trade union leaders aligned with the opposition and maintaining strong ties with union bosses and groups abroad with leftist inclinations, embarked on an offensive against the government and its labor policy. It favored "the end of union persecution, recovery of rights and liberties, its opposition to economic policy, the commemoration of Labor Day for the workers, putting an end to mass meetings with the president, and total mobilization."[6]

Marxist Terrorism Still Simmered

Although the action of the security agencies managed to reduce terrorist activities and, as the statistics of the 1991 Rettig

Commission later recognized, the years 1978 and 1979 featured almost absolute domestic tranquility. Throughout the country, very few deaths were caused by violent assaults and the repression required to stop them. Nevertheless, on April 23, 1979, a terrorist crime took place that deserved widespread repudiation. A powerful explosive was attached to the exterior of the building's wall where the security services were housed, leading to an Army explosives expert, young Lieutenant Luis Carevic Cubillos, being summoned to the scene.

This man, at the instant when he tried to throw the artifact down to the bed of the Mapocho River, just off Santa María Avenue (in northwestern Providencia, Santiago), suffered the full impact of the explosion and was killed on the spot. He was married and had a newborn daughter. This new terrorist crime solidified broad public support of the government's public security efforts, in contrast to the external climate opposed to it by the powerful propagandistic actions of international communism, promoted by the Soviet KGB and the government of Cuba.

Until today, in 2019, the authors of the aforementioned attack, proven to belong to the *MIR*, have not been arrested and remain unpunished. French writer Suzanne Labin wrote about it:

> And today, Cuba continues to train Cuban and Chilean terrorists in the manufacture and use of bombs to perpetrate, against Pinochet's Chile, the kind of terrorist acts that ended up stopping the independence of South Vietnam. Agents of the opposition illegally enter Chile through the Andes mountains, carrying false passports and a large number of very sophisticated explosive devices. Thus, the bomb that killed Lieutenant Luis Carevic, in April 1979, was built with the highest technology. It possessed four independent detonation systems: a clockwork mechanism, plus a magnetic sensor that would be activated by the slightest blow, plus a primer that would be set into action with the slightest disleveling, plus a system sensing disequilibrium that would make it explode upon receiving any shock. Three such bombs were found within twenty-four hours, one in the house of a lawyer, the other two in downtown Santiago. During the first half of

> 1979, a hundred different attempted explosive assaults were counted: bombs, plastic explosives, etc… But in light of this foreign interference against the Pinochet government, international opinion has not seemed to budge. One must think, therefore, that the terrorist incursion has neither been Yankee, nor capitalist, nor multinational: it has been nothing but communist![7]

Permanent Threat of Boycott

The most serious threat, mentioned earlier, for the Chilean economy —and therefore for the military revolution itself—was that of an international boycott of our products. That threat was the one that mobilized five million Chileans a year before to go to the polls in the 1978 national consultation, with three out of four expressing their support for President Pinochet.

Well, as we have seen, now that threat was hovering again, but the agility and determination of José Piñera to get Peter Grace's collaboration allowed him to provide reassuring news to the president by intercom. Grace himself had informed him that he had obtained an extension of any AFL-CIO-led boycott against Chilean exports until July.

It was providential that the Air Force did not veto José Piñera as minister of economy, because the dynamism with which he promoted his labor policy could hardly have been deployed by any other person in his crucial role within the Ministry of Labor and Social Welfare. Working side-by-side with him in the preparation of the required texts were economist Rodrigo Álamos, engineer Hernán Büchi, and lawyer Roberto Guerrero. The group's inspiration was to propose a labor policy that was compatible with personal freedom and its derivation, economic freedom.

Normally a proposal of the executive would have been analyzed by the legislative committees of the governing *Junta*. However, José Piñera got the support of the newest member of the junta, Air Force general Fernando Matthei, who backed the economic transformation 100 percent. He managed to get a single unified legislative commission set up, stemming from the four branches, to propel the

labor plan. In doing so, a very important role was played by Air Force colonel Alberto Arturo Varela Altamirano, Chief of General Matthei's cabinet.

The joint commission worked at a forced-march pace. José Piñera, always tireless, met to analyze the project with each of the four members of the junta, which at the time included General Augusto Pinochet, who chaired it, Admiral José Toribio Merino, Air Force general Fernando Matthei, and general director of the carabineros César Mendoza. In just four months, several decrees were achieved since June 29, 1979: Decree No. 2,756 on trade union organizations, Decree No. 2,757 on professional and trade associations, Decree No. 2,758 on collective bargaining, and Decree No. 2,759 on various topics, including the constitutional reform that incorporated workers from the state's large copper mining industry within the labor policy.

Dissension Over the Inflation-Adjusted Salary Floor

There was a stipulation of the labor reform that provoked dissension within the cabinet: the one establishing the "salary floor." That is, after collective bargaining between an employer and its workers is concluded, a lower remuneration level than the existing one may not be agreed upon that is less than the prior one in real terms—i.e., it must be equal to current remuneration plus an inflation adjustment based on the CPI. De Castro opposed that and said the following later:

> It was like planting a time bomb. Miguel Kast went to talk with Pepe (Piñera) to try to convince him to take out that provision, but he did not achieve anything. I spoke with the president, but I could make no case. The junta members were very happy with the proposal, because they thought that by it they were ensuring the earnings of the workers. All rulers like to be popular. But in truth it was a populist measure that restrained the labor market. That was one of the times when Pinochet told me "you do not always win, as minister." I regretted it because I found that it was obvious this would

> discourage employment and that facing a downward economic cycle would cause us problems.[8]

And de Castro was prophetic. Precisely the “salary floor” was, in 1982, a critical point making the adjustment of the economy more expensive in the face of a recession, likewise making changes and devaluation more expensive.

The Boycott Is Suspended Indefinitely

As soon as the labor legislation was passed, Hernán Büchi and Roberto Guerrero traveled to the United States to explain to the American trade unionists the libertarian content of the new legislation. Recall that the threat of boycott came from the fact that US trade union leaders considered that the military government did not respect the freedoms of workers.

They were not received by the main American trade union leader, George Meany, but instead by one of his underlings. Büchi eloquently expounded to him how both personal liberty in conjunction with the rights that the parties involved must be preserved in any employment contract, also noting the way in which the new Chilean legislation harmonized such rights. Upon finishing some long sessions of explanatory work with his adviser, Meany agreed to receive the Chileans, but only for a brief moment and to make a reassuring comment: “Do not explain anything to me. I am going to accept a boycott against Chile once a boycott of Cuba is also approved.”

The Chilean trade union leaders had been active in promoting the boycott attempted to counter the dynamism of José Piñera—not to mention the explanations of the Büchi and Guerrero delegates to the American trade union leadership. They also sent a long communication to the AFL-CIO maintaining that the new legislation is “contrary to the interests of the workers.” They received a telex back saying that the new legislation was in the hands of the AFL-CIO, which was studying it. The fact was that the boycott was suspended indefinitely. Not only Chile as a whole, but in particular the president of the republic and the junta, could breathe again with a sigh of relief.

A Measure That Would Bring Consequences

The economic signals of 1979 were all positive: a fiscal surplus, decrease in foreign debt, and an improvement in the balance of payments. The finance minister, Sergio de Castro, was nonetheless concerned that future political pressures would intensify. He thus sought some mechanism so that frivolous increases in fiscal spending would have immediate consequences and thus not go unpunished.

He thought of some form of “automatic adjustment.” It could be synthesized by the phrase “if you spend the rest, you have to pay the consequences immediately.” In Chile, the secular tradition had been to make up for fiscal deficits by printing money. If the treasury spent more, it asked for a loan from the Central Bank, backed by a promissory note, and the bank gave the order to print the equivalent in new bills. Generating more bills without productive support generated inflation—the endemic malaise of the Chilean economy for decades. At some point, we were the country with the highest inflation rate in the world; in other moments we were displaced by Bolivia and Argentina, even though our inflation still increased.

The mechanism devised by Sergio de Castro was to use the exchange rate as a way to neutralize expansionary policy. If the Central Bank printed more, the peso would lose value and people would start buying dollars at the fixed price. The Central Bank would sell them dollars and thus collecting back the local money, tending to lower prices, but also the dollar reserves would decrease.

With that in mind, on June 1, 1979, it was established that the dollar would be worth 39 Chilean pesos—a fixed-exchange rate. The automatic adjustment would happen when economic agents went to the Central Bank to buy dollars. In the case of dollars, they do so by giving pesos, which, therefore, would be taken out of circulation and thus contract the money supply—inducing prices to fall. That decrease in the price level would make the national economy more competitive, selling more products abroad. Therefore, economic agents would carry more dollars—derived from greater exports—to the Central Bank, which were exchanged with pesos that were issued against those dollars. By increasing the money supply,

domestic prices would tend to rise, and the national economy would thus become less competitive. This fact would lead to an increase in imports, for which economic agents would need to buy dollars from the Central Bank, taking more pesos out of circulation and driving prices down. In this cyclical way, the automatic adjustment of the economy took place and inflation was avoided.

Human Rights Inspectors

In 1975, the government had refused admittance to a commission investigating possible human rights violations, presided over by Pakistani Alí Allana, that met and ran the show from Geneva. In 1979, pressures were renewed for the junta to admit a group of inspectors that the UN intended to send. “To reduce the pressure, I accepted its entry into the country,” Pinochet later wrote, advised to do so even by people close to him. “Nothing at that time provided value to undergird my reasons that these gentlemen were officials of a body infested with Marxism, that they were servants of the communists, and that their report would cause us more harm than good.”

But despite this, he authorized them to enter with these words: “Let them see everything they want, interview whomever they wish, and visit as many facilities as they desire. We will grant them all the facilities they require, even though you all may be assured that their report is going to be negative.” But once events had transpired, he finally acknowledged that it was negative “on a smaller scale than expected.”

The inspectors of the UN *ad hoc* working group received more than three hundred requests for hearings, visited the state centers to help the needy, the Vicariage of Solidarity, and the Worker’s Pastorate of the Church. They also visited detention centers housing subversive people, including Villa Grimaldi, about which, before and after 1990, bald-faced legends have been published—that have become part of the “official history,” supported by television programs and high-impact cinemas, but with little or no relation to the version given by the uniformed men who worked on them.

> During their stay in Chile, these gentlemen and one lady spoke of the wonders in the country they encountered. Unfortunately, they forgot those marvels immediately upon boarding the plane to leave. On July 27, the group left… I must say that it received extensive documentation from official sources and, in response to their requests, the government gave them various documents, such as detention decrees, lists of arrested persons, medical certificates, reports on missing persons and other materials… The report was finalized with (critical) conclusions more appropriate for the countries from which the majority of the representatives of this group originated than they were for Chile.[9]

The reality indicated something different from that which was concluded by the report of the *ad hoc* working group of the UN, because twelve years later the Rettig Report itself, with all its adverse biases against the junta, recognized that in 1978—a year prior to the *ad hoc* group's visit—the number of people killed in the fight against extremist terrorism throughout the country had been only nine! Moreover, it was reported that fewer than two people per year disappeared between 1978 and 1990, and that ordinarily in the country, according to reports by the carabineros, both before and after the military government, under full democracy, the number of people filed "for presumed missing or having faced alleged misfortune" were tens of thousands of individuals—and the undiscovered missing people always remained above 2,500 annually.

Furthermore, in 1979, another ecclesiastical viewpoint was proposed on the subject. On November 25, the Archbishop-Bishop of Valparaíso, Monsignor Emilio Tagle Covarrubias, sent the president of the junta a birthday greeting describing him as "a true defender of human rights" and expressed: "It is fair to remember in these days that Your Excellency directed the most effective action in defense of human rights that had been violated by Marxist aggression, which had indeed led us to the abyss with no way out—whereby so many peoples remain beleaguered today—in the same deplorable situation

that we would have been found today if it had not been for that patriotic intervention. Chile has taught the free world a lesson."[10]

Pension Reform

This reform would be one of the three achievements—along with the labor and mining ones—that would lead José Piñera to become a prominent figure in the military revolution and in the history of Chile. The crisis pertaining to social benefits was one of those problems for which prior civil governments could find no solution. Their fundamental problems were three: the pension system became impossible to finance it, most of the pensions it gave (especially those of blue collar workers) were very low, at the same time that a small privileged group obtained very high payouts and, therefore, generated a most irritating inequality.

Under the government of Jorge Alessandri (1958–1964) a serious effort was made to correct the defects of the system and a commission was formed, led by the distinguished lawyer and former finance minister of the Ibáñez administration, Jorge Prat Echaurren, to study a reform program. The commission carried out its mission, but the administration that followed Alessandri's, that of Eduardo Frei Montalva (1964–1970), paid no attention to it and limited itself to administering the existing pension disaster, with palliatives consisting of slightly increasing the lowest pensions, which embodies the bulk of them.

Then José Piñera arrived at the Ministry of Labor and Social Welfare. After promoting and enforcing successful labor reform, he realized that the crisis in the pension system represented an opportunity and—as happens with all crises—a word that in the Chinese language is expressed with the symbols for "danger" and "opportunity", the possibility to create an additional pillar for the socioeconomic progress of the country.

Roberto Kelly maintained that the economic team had already prepared a social benefit reform, but it was Piñera who made it happen. "It took us five years to study these previsional reforms," said Kelly in his memoirs. He added that when José Piñera arrived at

the Ministry of Labor, the new pension system was practically ready. The author of these memoirs, Patricia Arancibia, asked Kelly:

> Within the junta, who supported that reform? All except General Leigh, who always opposed our proposals. Why? Because he said that the private pension fund managers were going to escape the country with all the money, generating a disaster here…Sergio de Castro told the junta: "Gentlemen of the junta: you must understand that the pension system in this country has pierced the economic jugular of Chile. And you know that if someone is cut in the jugular, he bleeds and dies. That will be our destiny if we continue with the existing system, because the state will require an ever-increasing amount of resources to pay retirees."[11]

But the fact was that it was José Piñera's turn to propose a scheme, and it was extraordinarily audacious: to transform the pay-as-you-go system, in which the pensions of the liabilities are financed by active workers, into one featuring individual capitalization. Under the latter system, each worker would accumulate his pension savings in a personal account, managed by a private entity and in a competitive context between the private pension administrators.

The Previous Scheme Is Repeated

José Piñera and his advisers in this audacious project, economists Alfonso Serrano and Martín Costabal; engineer Hernán Büchi and attorneys Roberto Guerrero and Patricio Mardones, again formed what was considered to be a unified legislative commission of the junta. It fell under the leadership of Air Force colonel Alberto Arturo Varela and chief of staff of the Air Force general Fernando Matthei, both of whom actively collaborated. Yet new rounds of conviction permeated Minister José Piñera's program, especially those carrying it forward over certain military objections. Behind the scenes the same Advisory Committee, which from the beginning had resisted the economic liberation carried out by the Chicago Boys, backed

resistance against payroll tax reform, which would involve private entities administering people's retirement funds.

In the end, the vigorous campaign full of conviction that Piñera deployed was successful. However, the reform's deployment had to wait until November 4, 1980, when it was put into effect by Decree No. 3,500—an easy-to-remember figure that the minister had been astute enough to reserve beforehand (in the ordinal numbering scheme of decrees).

Pillar of Success

The transfer of a huge volume of resources from the state or semi-state administration to private hands implied a transcendental privatizing step and an essential qualitative change. Note that the old organizations for distributing provisions or pensions were autonomous or "quasi-governmental" ("semifiscales") enterprises, but still subject to political management. Those funds had to be incorporated into the market as profitable investments designed to finance future pensions.

In the end, it was like an injection of vitamins bolstering investment and the economic growth of the country. Indeed, it is until today one of the fundamental pillars of the Chilean model and was the pivot of the economic and social success of the military revolution. In effect, it was a matter of taking funds that were mismanaged and frequently squandered, to put them at the disposal of the productive apparatus of the economy. It financed companies obliged to obtain a return and willing to pay an interest for the funds, thus generating the growth of pension fund balances.

Why did the Chilean economy become the most successful in Latin America? Much of the reason has to do with pension reform, which injected a huge amount of resources into the production process. Instead of being mismanaged, abused, or squandered, all in the midst of discriminatory aberrations between pensions and resulting in a huge tax subsidy to cover the deficit that was generated by that system, a huge amount of resources now went to bolster the economy.

In the old system, for example, parliamentarians had approved for themselves the possibility of retiring after having only been in the House or Senate for fifteen years of pension contributions and with the guarantee of receiving an inflation-adjusted pension similar to their parliamentary compensation scheme. In all organizations dedicated to distributing provisions or pensions, exceptional payouts to a select few were found that, having been well-studied by expert lawyers, allowed those few most aware of the twists and turns of the system, to obtain pension payments amounting to many millions of pesos, putting them in the top 1 percent of income earners in Chile. Once an “expert” lawyer confessed to me: “I cannot tell you how much my retirement income is because I am ashamed.” And not because it was puny.

At the same time, the vast majority of workers were listed under the workers’ insurance scheme, which yielded reduced pensions and for those who did not have sufficient years of contributions to retire, simply took away the funds they had contributed. In the new system of individual savings no one would lose his contributions and, therefore, there are very small pensions distributed to people who paid-in very little. Yet unlike the pay-as-you-go system, they would at least be entitled to a retirement payment even if their savings were minimal.

Find in Yumbel

In the midst of the commotion throughout the country around the start of military revolution on September 11, 1973, many isolated, unknown and unfortunate incidents occurred. These episodes disregarded the will of the governing *Junta* and its call (along with those of its president, reproduced in chapters I and II), to proceed with order and moderation.

In 1979, in Yumbel (Eighth Region, South Central Chile), nineteen bodies were discovered that had been buried on September 18, 1973. The respective victims had been detained by uniformed men during operations in Laja and San Rosendo.

Nothing prevented reporting and investigating the matter, and the nineteen families did so. The result: “six years of official denials, six

years of mockery towards the ‘alleged disappeared’ and the pain of their desperate families culminated that sunny, cold spring afternoon of October 2, 1979.”[12] A minister in a due-diligence visit, José Martínez Gaensly, of the court of appeals, studied the accusations and “after tying-up the loose ends,” arrived at the discovery of the remains buried in the locality of Laja, in the south of the country.

The story was similar to that of other cases, such as Lonquén, Chihuío, La Serena, Antofagasta or Calama. “Some” lesser commander, acting on his own recognizance, took the nineteen detainees in the Laja ranch by taxibus in the early hours of September 18, 1973. He ordered them to be executed and buried next to the Perales bridge.

In 1975, the owner of the property, named “Flor de Laja”, noticed a half-buried body, and reported the discovery to the carabineros. They ordered its exhumation and transferred the remains to the parochial cemetery of Yumbel, giving an account of the finding. Four years passed without the judge opening the file corresponding to the official report he received from carabineros. Finally, in 1979, minister Martínez Gaensly, “tying-up loose ends,” was able to deliver the remains to the relatives. At last “the institutions (of justice) worked!” Was it the fault of the junta or merely an idiosyncrasy of the country? Was it “Pinochet’s atrocity” or simply judicial leniency?

The Seven Modernizations

In his message to the country on September 11, 1979, the president of the republic, probably being influenced by his minister José Piñera, announced seven modernizations that would characterize what his mandate was or would become:

1. The labor plan
2. The pension reform
3. The educational directive
4. The restructuring of the health sector
5. The modernization of justice
6. Agricultural development
7. The administrative reform with regionalization

These announcements coincided with the economic recovery and the president, during his speech on the eleventh, anticipated that in 1985 or 1986 there would be houses, televisions and cars ("not a Rolls Royce but a 1975 Citroen" (a lightweight, cheap car)) for all workers. Historian Gonzalo Vial, who at that time was minister of education, suggested that they "become invigorated and encouraged by the greater separation from the dangers of the *annus horribilis*, and by the progress of the economy, payroll tax reform, orderliness of labor, etc. Pinochet thus began to dismantle the team…"[13]

But Vial confused his own situation with that of the entire aforementioned team. With a cutting, pithy remark (as he perceived it)—which at that moment all of us found to be inexplicable—the president, asked him to resign. And Vial could never again forgive Pinochet and, accordingly, he "made him pay the price emotionally." His books and his recitals for the Rettig Commission erected himself as the toughest avenger against the military administration (something that caught the attention of other ministerial and department heads—one of whom expressed the matter to me personally).

The historian recounts the episode of his own resignation and makes it part of Pinochet's alleged motivation to "dismantle the civilian team," a desire he did not have, because the policies favoring adding civilian ministers remained intact until the crisis of 1982: "The first to fall was Vial (December 1979). He was replaced by the undersecretary of the branch, Alfredo Prieto."

But Vial acknowledged that his successor did not change in the least the line he followed and wrote that "he would have to fulfill two of the three milestones that the administration left in this field: decentralize basic and secondary education, transferring it to the municipalities (Decrees with Force of Law No. 1, No. 2 y No. 3, June 1980), and open the door for private universities to enter the market (Decrees with Force of Law No. 1, No. 2, No. 3, No. 4 and No. 5, December 1980 and January 1981). "The third milestone (in fact, chronologically the first) was to subsidize free education establishments, established in 1978, with Rear Admiral Luis Niemann as Minister and Undersecretary Prieto himself. The policy

was completed in 1980 (Decree No. 3,476), after the former undersecretary had succeeded Vial."[14]

Explanation about the Exit of Vial

Vial explained his departure this way (in the third person), which never had an official explanation:

> Gonzalo Vial—for his part—was accused of being Opus Dei. He himself did not belong to that group, but rather some close relatives of his did. He was also accused of hassling the freemasons within the ministry (which was not the case), and of procuring a decree pertaining to universities that benefitted the Catholic University, to the detriment of the University of Chile (which was also not the case). His most vehement critics were Lucía Pinochet and the masonic order. The latter wrote long and painful criticisms against the secretary of education to the head of state, using letterhead with a logo comprised of an immense eye imprisoned in a triangle. A young civil servant—now senator—sent photocopies of the masonic order's letters to Vial, almost at the moment they arrived, and the minister trembled, facing that hostile and merciless eye.[15]

At that time, I was director of *La Segunda* and a friend of Vial, with whom we had undertaken various initiatives, together with other friends at the Portada Group, such as the founding of the magazine *Qué Pasa* in 1971.

As the presidential request for the minister's resignation had been so unexpected and inexplicable, I took advantage of an opportunity when the president brought together all the directors of newspapers in a ceremonial event and, while we conversed with him in a semicircle, I asked him directly, perhaps with little tact: "President, why did you ask Gonzalo Vial to resign?" And he answered me dryly: "For no reason in particular," which provoked laughter in the whole group and made me feel deservedly bad.

But when the semicircle dissolved, the president approached me and, passing his arm over my shoulder, walked next to me and said,

more or less verbatim: “Look, Hermógenes, you cannot navigate a ship tilted toward one side because it will sink. And your friend was leaning the ministry to one side only.” I thought about freemasonry.

Years later, as I will make reference to in chapter 9, I learned with some surprise that Augusto Pinochet had been a mason in his youth, which possibly gave additional weight to the complaints of the letters written on letterhead featuring an eye imprisoned in a triangle. In other words, his request that Vial resign was not part of some strategy to dismantle the “civil team,” nor was the one formulated for Hernán Cubillos, but was rather due, probably, to interest group pressures that had Pinochet’s ear which felt threatened by Vial.

The End of the Constituent Commission

In 1979, the work of the constituent commission ended. That commission had started almost immediately after September 11, 1973, and was chaired by Enrique Ortúzar Escobar, a lawyer and former minister of Jorge Alessandri. Ortúzar possessed a unique political talent and was the erudite author and initial draftsman of the Agreement of the House of Representatives signed on August 22, 1973, which provided the civilian impulse to generate the military revolution during the ensuing month of the same year.

In effect, Ortúzar conceived the idea that the House could adopt an agreement denouncing the illegality and unconstitutionality of the government of Salvador Allende—a procedure that had not occurred to anyone else.

Relating to the Constitution, when Ortúzar delivered the final effort of the commission he presided to President Pinochet and the governing *Junta*, they put it in the hands of the State Council, which objected to the text because it was not divided into articles. The commission then remedied that defect, after which, and having undertaken a profoundly detailed study, the Council returned the text to the president of the republic, who in turn delivered it to the governing *Junta*.

Americans and Soviets

The American administration of Jimmy Carter never understood the value that saving Chile from falling into the Soviet orbit meant for America. In December 1979, he continued to harass the military administration and announced: (1) that he would reduce the personnel of the US Embassy in Santiago, (2) that there would be no loans made through the EXIMBANK, the export-import bank of the United States, (3) that he would put an end to the sale of military equipment—totaling over six million dollars—urgently needed by Chile, and (4) that he would not endorse loans from Chilean private companies. All this punishment came because Carter considered that the military government did not sufficiently investigate the responsibility of three officers involved in the Letelier case, after it had turned over the principal author of the act, American Michael Vernon Townley, to the FBI.

These hostile measures were unpopular in Chile and led to the repudiation of the Confederation of Small and Medium Enterprises, which represented more than 600,000 productive entities.[16] Decisively, the *Izvestia* newspaper in Moscow said, at the same time: "To avoid a second Chile, Soviet troops must remain in Afghanistan as long as the causes that triggered their presence subsist." That is, "until it is guaranteed that the worst will be avoided, and that Afghanistan will not become a second Chile."[17]

In Moscow, the Chilean Communist Party held its first plenary session of its Central Committee in exile and unanimously approved a 120-page report by its General Secretary, Luis Corvalán. He had been exchanged, as we know, by the junta for an imprisoned Soviet human rights activist, Valery Bukovsky, who never thanked the junta for his freedom. He was in Chile in the 1990s and I had lunch with him, where he likewise neglected to make any such recognition.

Corvalan explicitly confessed his failure to infiltrate, neutralize and divide the Chilean Armed Forces. "The destruction of the Armed Forces, as one of the elements of military policy, was an inescapable condition for the communists to assume full power in Chile. Recall that Lenin established the principle that 'without disorganization of

the Army, no great revolution has taken place and cannot be effected.'"[18] Notice the admission that they were looking for "full power."

The triumphs that the subversion obtained, thanks to American weakness in Nicaragua and Iran, led Luis Corvalán to broadcast over Radio Moscow:

> In light of what is happening in Nicaragua, we address the members of the Armed Forces and *Carabineros* of Chile. We call them to reflect upon and understand the need to do everything that is in their power so that Chile can return to a democratic path all the sooner. Any hesitant or dilatory attitude in solving this problem will not save Pinochet's tyranny from its inevitable defeat and will only accumulate hatred and discontent, and thus create conditions for violence —neither something that we fear nor being exactly what we are looking for. The ball is in the Chilean military's court. If they do not want to be confronted tomorrow with a situation similar to that of Nicaragua or Iran, it is time for them to decently abandon the dictator and return to the path to which they have been led.[19]

Annual Economic Balance

The country grew again strongly in 1979 at 8.3 percent. The fixed capital investment rate also increased, to 15.6 percent of GDP, the highest figure since 1974. Unemployment fell to 13.6 percent throughout the country, but inflation increased somewhat again: it was 38.9 percent, 8.6 points higher than in 1978. For the first time, the government treasury showed a budget surplus equal to 1.7 percent of GDP. That fact greatly boosted confidence in the economy.

But once again, the commercial balance revealed an increasing deficit of 873 million dollars. The current account deficit also increased to 1,189.4 million dollars, and the external debt increased to 8,484 million dollars, almost two billion more than the previous

year. The foreign exchange capital account showed a surplus of 1.2 billion dollars—very high yet still lower than the previous year's.

The result of the balance of payments rose again, reaching 1.047 billion dollars.[20] Gross international reserves of the Central Bank (year end) reached 2.314 billion dollars, an increase of 1,255.8 million dollars over the previous year, more than doubling it.[21]

Chapter 8

1980: The Year of the Constitution

High Expectations

The beginning of a new decade found the military revolution firmer and more successful than ever before domestically, although nothing had abated the Soviet-Cuban campaign of discrediting it abroad. In any case, the phrase that Jaime Guzmán used with me at the end of 1977, “this government is fallen,” had dissolved into oblivion and probably not even he remembered it: the economy was growing as never before, inflation was retreating, the greatest material welfare of everyone was palpable and the new Constitution was ready to be submitted to the people.

The state council had sent it to the president of the republic and the latter had referred it to the governing *Junta*, composed by Pinochet himself, Merino, Matthei and Mendoza, with their respective chief advisers: The Auditor General of the Army, General Fernando Lyon, Rear Admiral Aldo Montagna, retired Air Force general Enrique Montero, and General of the carabineros Harry Grunewald. Added to their number were minister of the interior, Sergio Fernandez and the Secretary Auditor of the junta, Naval Commander Sergio Duvauchelle.

The World Bank, in January 1980, recognized the work done by the junta since 1973 in an exhaustive study on the Chilean economy:

> Under extraordinarily unfavorable circumstances, the Chilean authorities have achieved an economic turnaround unprecedented in Chilean history. When the Military *Junta* seized power in September 1973, inflation had reached an annualized rate of around 1,000%, net international reserves were negative, external debt was in default and production fell for the second year in a row. The government deficit alone exceeded 20% of GDP, the issuance of money was out of

control, the financial system flattened, and the exchange rate strongly overvalued.[1]

But in March the presidency of Augusto Pinochet suffered an extreme tremor that, paradoxically, would become an asset that boosted his domestic popularity: his frustrated trip to the Philippines.

The Itch to Travel

In the lunches where the head of state used to invite newspaper editors—I was from *La Segunda* at that time—I was struck by the fact that he frequently referred to what he considered a serious impairment imposed upon him by the position he held: “You can travel,” he told us. “Yet I cannot move from here.” He seemed to envy us for that fact. I was struck by the exaggerated value that he placed on the possibility of traveling abroad. And in fact, that concern ended up being what were probably the worst hassles to which he was subjected during his public life, very soon and eighteen years later.

At the beginning of 1980 he decided to visit Southeast Asia and a few small countries of Oceania. He was adhering to a reticent invitation received from Filipino dictator Ferdinand Marcos in 1977. Then minister of foreign affairs, Hernán Cubillos, had some objections, since our country had an appointed ambassador in Manila—retired Rear Admiral Carlos Le May—yet more than a year had gone by without the Filipinos appointing a corresponding representative in Santiago. His affairs in Chile were handled by the Filipino ambassador in Brazil.

The Philippines was experiencing a period of turmoil. Marcos was the target of an international smear campaign nearly as aggressive as that suffered by Pinochet, and of the same origin: the international left, which made almost everyone dance to the tune of the Soviet KGB—and particularly manipulated public opinion. America was tainted through its liberal democrats. And consequently, the liberal democratic government of Jimmy Carter.

In addition, the Philippines was experiencing an outbreak of internal civil war stemming from an uprising of the Mindanao Muslims, so it was not a safe place for any guest of their

government. In short, the conclusion should have been that it was not appropriate to strike up a relationship with Marcos or his well-known spouse, Imelda, who was internationally famous for touting excessive elegance.

Nevertheless, the reluctance espoused by the Ministry of Foreign Relations clashed with Pinochet's desire to travel. So the trip was justified in order to strengthen Chilean policy in the Pacific. The trip would last ten days, extending to Indonesia, Malaysia, Thailand, and Singapore, as well as official stays in Fiji and Tahiti, with stopovers in Papua New Guinea and Hong Kong. Moreover, the military men surrounding the president gave the trip their stamp of approval because they did not see it presenting any risk to his security.

In the Philippines, the visit had already been announced and a massive public reception was being prepared. The Chilean group sent, well in advance, posters, and banners to be distributed to the public. But there was a request from Marcos that Pinochet refused to comply with: Marcos had wanted him to arrive out of uniform, which was a harbinger of bad things to come.

A Slap in the Face

On Friday afternoon, March 21, 1980, LAN airlines took off with a large delegation, consisting of the presidential couple, their daughter Lucia, and her husband, Hernán García Barzelatto; nine senior military officers; the chief of the presidential general staff, General Santiago Sinclair, and the ministers of foreign affairs, Hernán Cubillos; defense, General César Raúl Benavides; finance, Sergio de Castro, with their respective wives; and foreign ministry officials Javier Illanes and Ricardo Letelier. In addition, dozens of security agents, minor officials, secretaries, and journalists traveled with the entourage.

They made stops at Easter Island and Tahiti and were flying to the Fiji Islands when the ambassador to the Philippines, Charles Le May, after immense efforts, managed to communicate with the presidential plane that he had received a call from the Philippine foreign minister Carlos Rómulo, advising him that President Marcos had withdrawn the invitation to President Pinochet after meeting with

his generals. Le May's efforts to communicate with the Filipino ruler and his spouse had been futile, since they were out of Manila for "unforeseen and urgent matters."

Pinochet's trip was transformed, from that moment on, into a true nightmare. It unfolded in Fiji, which was another stopover on the tour, a small island comprised of 18,000 square kilometers and 800,000 inhabitants. It was a former British (independent since 1970) colony close to Australia, which had maintained its symbolic queen Elizabeth II of England. Only in 1987 would a coup d'état fully established the republic and eliminate its monarchical dependence.

In that remote place, Pinochet and his entourage received vexatious treatment. All Chilean passengers were fumigated and the authorization to disembark was delayed for hours, suffering with suffocating heat. When the plane's engines had stopped, so did the air conditioning. The Fijian government also canceled the invitation it had extended. The Chilean delegation had to look for a hotel, all under an organized rain of tomatoes and eggs thrown by an improvised leftist demonstration called for that Sunday at dawn. Under these conditions, Pinochet met with his trusted people at the hotel and all were in agreement of the need to cancel the trip.

"Hard" and "Soft" Members of the Right

Within the military revolution there were always two fundamental currents: "hard" and "soft." The former pertained to a more nationalistic perspective, including supporters of broad state intervention and the establishment of a corporatist-style regime, inclined to resemble Spanish fascism, and might have even admired German national socialism and Italian fascism had it not been for the atrocities of the Holocaust. Yet such sympathies had already been widespread in Chile many years before, in the 30s, so much so that the predecessor party to the Chilean Christian Democrats, the National Falange (falangism: anti-communist, fascist, but compatible with controlled capitalism), had split off from the Conservative Party by adopting the same name as the Spanish fascist party, *Falange Nacional*—also featuring brown shirts and raised arms.

The current Christian Democrats are now execrated from all that ideology, but the photographs of the 1930s have been left in the archives and “brother Bernardo (Leighton)”, one of their main figures, appears in them in uniform with his arm raised. Indeed, during those years, Nazism and fascism seemed to reside in places where “the sunshine warmed” (a Spanish saying similar to “only walking when the wind is at one’s back” in English).

The rightists, the *softies* of the military government, which had triumphed until then, were represented by the civilian team in favor of restoring electoral democracy. Although it had been subject to the vicissitudes of the popular vote, that system had been protected, of course, from leftist extremism, which had already been destroyed once during its attempted paramilitary build up in its pretended struggling to instate a “dictatorship of the proletariat.” These softies had imposed a free market economy, privatizations, and a constitution that would again lead to democratic implementation.

Nonetheless, both hard and soft factions had coexisted under the broad umbrella of the figure of Pinochet. He officiated as an arbitrator between them and had ended up supporting the latter by their socioeconomic management (largely through the Chicago Boys). Moreover, the political framework had been entrusted to the so-called “civilian team” since 1978: Sergio Fernandez, Sergio de Castro, Hernan Cubillos, Gonzalo Vial, Roberto Kelly (fully assimilated, despite being retired navy officer), Alfonso Marquez de la Plata, Jorge Prado, and the presidential political adviser, Jaime Guzmán. The “Filipino slap-in-the-face,” however, had harmed the softies and placed them on the defensive.

Four Rightest Undercurrents

Before seeing where the Philippines fiasco would lead, it is worth identifying the undercurrents operating within the military administration. Historian Gonzalo Vial reduced them to four, the last of which ended up being adopted, not without Pinochet’s initial squeamishness, who according to his varying mood might just as well have adopted any one of the others.

First, were the Chilean Francoists, supporters of a lifelong government like the one headed by the *caudillo* in Spain which, certainly, the president of the junta liked. But common sense led him to believe that it was not easy to arrive at such a situation and those who favored it seemed unrealistic. Among them stood out Hugo Rosende, a former conservative representative, dean of law at the University of Chile and later minister of justice, whose favorite metaphor suggested that if Pinochet renounced his power he would be paraded in public in a cage, and thus be subjected to humiliation and insults.

Pinochet certainly did not like this perspective, but at the same time knew that that main champion of Chilean Francoism, in the face of any university student disorder, had “asked me to take the tanks to the street,” used to say. Doing so clashed with what to him seemed to be common sense, which was more developed in him than in most of his compatriots.

Second, was the idea of two theoreticians of military power, Uruguayan Juan María Bordaberry, former president of his country, along with his conational Álvaro Pacheco, both doctrinaire writers whose thought was summarized in a pair of sentences. “It is not that the Armed Forces have power, or have it attributed to them, but they are power. Indeed, civilian power does not exist except as it is synonymous with public puissance, that is, military power.”

They argued that “announcing deadlines and scheduling a return to democracy” weakened the military institutions as a government. These truths must be reflected or woven into the Constitution. By the way, they had much in common with the Francoists, but they were looking for something far profounder than a *caudillo* or dictator. They wanted a perennial military state.

Third came the nationalists, who wanted a sharp break with political and economic classical liberalism. Instead, they sought a “nationalist, anti-imperialist, authoritarian, and corporate state” (or “organic representation,” as their exponent, lawyer Pablo Rodríguez Grez, founder of the Nationalist Front for the Fatherland and Liberty, had described it). During the Popular Unity this group had faced off with Marxist armed militias with real guns and with great courage.

At one time, Jaime Guzmán's unionists were his allies, but they soon parted ways. They brought with them a Spanish influence, derived more from the Hispanic "traditionalism" of Juan Donoso Cortés, Juan Vázquez de Mella, Ramiro de Maeztu, Víctor Pradera —the last two having been assassinated by a band of Spanish Marxist Republicans after the outbreak of the Spanish Civil War in 1936. That same philofascism was present in the *Falange* and its founder and leader, José Antonio Primo de Rivera, another victim of those Republicans.

The guru of the Chilean national traditionalists was a priest of the Sacred Hearts, Osvaldo Lira, "Thomistic philosopher and theologian, professor at the Catholic University, famous for his final and abrupt judgments about men and ideas."[2] I had met him in 1973, when I was still a congressman, i.e., before September 11, 1973, at a meal at the home of Jaime Martínez Williams, director of the weekly magazine *Qué Pasa*. I remember that Father Lira interpellated for me this discourse, I think textually:

> "Hey, Congressman, I suppose you are going to fill that scoundrel's body with lead."
>
> I was somewhat disconcerted, not having foreseen that possibility, so I proffered the name that first occurred to me. "To Allende, Father?"
>
> "Not Allende, dammit, Silva Henríquez!" he snapped. At that time, he was his (and my) cardinal and archbishop.

Fourth, was the protected democracy, which was finally adopted by Pinochet and the junta and thus reflected in the 1980 Constitution. Jaime Guzmán ended up being its best advocate. Jorge Alessandri, stemming from his experience as government leader, also ended up throwing in his hat this group. Indeed, it was this model that finally came out on top and was undoubtedly successful, since it has given Chile political stability, economic prosperity, and has promoted the general welfare. This fact continues to be reflected in the masses of immigrants who come to the country fleeing from populist leftism.

From what exactly should democracy be protected? From the majority making major decisions about just anything. There are some

motifs that simply cannot be subject to such populism. For example, the inalienable rights of human persons, freedom, and the basis of it, property. Under such a protected democracy there may never be a Hitler, a Stalin, or a Castro who is able to wipe out basic rights thanks to some whimsical or transitory majority on any one occasion.

The Hard-Liners Go on the Offensive

The Philippines disaster was seen by the hard-liners as an opportunity. And the president's eldest daughter, Lucia, interpreted them by directly blaming the minister Cubillos for it. Lucia had been a Christian Democrat party member. She told me that when she joined the Christian Democrats during the 1960s, she let her father know—who was at that time *Colonel* Pinochet. Hitting his forehead, he replied: "This is the worst news that you could have given me."

Along with her, the hard-line government "feather pens" Álvaro Puga ("Alexis," who had made himself known under the Popular Unity regime) and Gastón Acuña McLean (the brilliant editorialist of *La Nación*, the government's newspaper) unleashed their wrath against Cubillos. The president remained calm, but on March 25, 1980, "Pinochet suggested that Hernán Cubillos resign on his own accord. The minister replied that he preferred to abandon the ship, and that his resignation be requested. 'I am requesting it from you,' replied Pinochet, and Cubillos thus turned it in."[3]

The "civilian team" had already suffered a loss at the end of 1979, when the president asked Gonzalo Vial to resign without stating why, as we know. The details were noted in the previous chapter.

While the Philippine debacle was never fully explained by those who generated it (the Filipinos), Imelda Marcos, in a 1991 television interview, was caught telling the truth. She affirmed in that regard: "General Rómulo, who was Minister of Foreign Affairs, was notified by the Carter administration that we could not receive Pinochet, due to diplomatic differences."[4] It had been the American liberal Left in action, always powerful and capable of causing enormous damage to its own country (note that it was the main responsible of American defeat in Vietnam), and all the more reason with respect to other

nations. But this time, with regard to Chile, he was wrong, because he strengthened rather than weakened Pinochet.

Massive Popular Support

Marxist governments can easily draw crowds to the streets because they are the only employers in their respective countries. If people do not come to some parade paying homage to the “boss,” they can be fined or fired. But in free economies such coerced participation is impossible, because the government is just another employer and its own bureaucrats know that it is not the only job outlet.

For that reason, the huge public turnout that Pinochet garnered on the afternoon of March 24, 1980, in front of the Diego Portales building, in the principal street running through downtown Santiago, surprised everyone. For instance, officials were surprised since they had not had time to organize anything to convene a crowd; and the detractors were, too, because they maintained that the vast majority of Chileans opposed Pinochet. The same was true of the rest of the world which, as usual, marched to the beat of the drummer in following the doctrine that had been emanating from the Soviet KGB (from day one): “Pinochet is a dictator repudiated by his people.”

It may be assumed that the average Chilean considered that the Filipino snub had offended the entire nation, and that fact explains why the president received such gigantic and spontaneous support. As a result, the Filipino incident was a diplomatic disaster and a political success. If President Carter thought at some point that his pressure on Marcos was going to lead to the fall of Pinochet, he was wrong, as he was in so many other aspects during his single, four-year term in office. Gonzalo Vial recognized: “Pinochet acquired, internally, an aura of being ‘persecuted by the Yankees’ that could not help but favor him, and which was revealed by the popular demonstration on March 24, 1980. That event probably also benefited the administration during the constitutional referendum.”[5]

The Constitutional Project Marched On

When the Ortúzar Commission, created in 1973, completed its preliminary draft of the new Constitution, in 1978, it handed it over to the State Council, which was chaired by former president Jorge Alessandri (and runner-up to Allende in the 1970 three-way presidential race, receiving 35.3 percent of the vote to Allende's 36.6 percent). It was composed of high-profile personalities, including former president Gabriel González Videla. On July 9, 1980, the president of the junta received the completed project from Alessandri. "The documents that the president of the Council gave me were the following," said Pinochet:

1. Report on the work carried out by the council;
2. Comparative version of the texts sent by the study committee and by the Council;
3. Dissenting opinions of councilman Hernán Figueroa; and
4. Minority report of the councilmen Carlos Francisco Cáceres and Pedro Ibáñez Ojeda, which established their discrepancies with the chapters and articles related to the generation of public power and that included their observations on the majority project, alternative proposal and the basis thereof.[6]

The junta introduced changes to the proposed constitution, in turn. Some were not to the liking of the president of the council, former president Jorge Alessandri, particularly with regard to the exceptional powers during the transition period, between 1981 and 1989. For that reason, he quietly submitted his resignation from his position. Alessandri's annoyance was much commented upon, but he never said anything publicly and, afterward, he let it be known that he had voted "Yes" in the plebiscite of 1988. When, finally, his friend and also supporter of the junta, Eduardo Boetsch, wanted to meet him along with Pinochet for some public "grandstanding," the meeting was consummated. In it the only objection to the constitutional text that don Jorge expressed was the integration and the powers of the National Security Council, in which took part the uniformed

commanders in chief and that had a character of “vigilant authority” over the executive, legislative and judiciary powers. But Pinochet replied him that it would not be modified.

Constitutional Debate

After the Ortúzar Commission had delivered its proposal to the State Council, an active debate took place in the country. The latter body was open to persons and institutions sending it comments, opinions, and proposals on the preliminary draft of the commission. They were raised by former radical senator Humberto Enríquez Frödden, the so-called Group of Eight, presided over by former liberal senator Hugo Zepeda Barrios, and the Contemporary Studies Corporation, pertaining to lawyer Luis Valentín Ferrada, a supporter of the junta.

The ambassador to Argentina and former senator of the National Party Sergio Onofre Jarpa entered his opinion against the draft, judging that with it the country would return to the same system that had generated the crisis in 1973, with only a few modifications. In an interview, he clarified his opinions and proposed the creation of intermediaries that would have a greater civic role. This distinguished politician always kept a corporativist seal.

Former senator of the National Party, Francisco Bulnes Sanfuentes, criticized the draft regarding its granting of “excessive powers” to the president of the republic, and the extension of his term in office to eight years. Another former senator of that party, Pedro Ibáñez, member of the State Council, together with another member, economist Carlos Cáceres, who later became president of the Central Bank, minister of finance, and minister of the interior, expressed a vote of minority group manifesting its criticism of the “fetishism of universal suffrage” that “has relativized the principles, even freedom itself. The democratic generation of power allows demagogues to take sovereignty away from the people.” This led them to postulate that “elections should not be reestablished as a method to generate power.”

On the one hand, they were not alone in this view because the State Council’s president, former president Jorge Alessandri, confessed in one of his speeches that universal suffrage was not to

his liking, but that in the current world context it was inevitable to establish it as source of authority. Former senator Zepeda, on the other hand, criticized the draft bill for “its inaccuracy,” stating that a new Constitution would be issued for a deferred term to govern on an indeterminate date, serving instead to lend legitimacy “to the current autocratic regime.”

Christian Democrat Andrés Zaldívar thought that rather than discuss the constitutional text, what should be proposed would be a change of administration: “The errors of the government and the security of the opposition with the convergence of the majority of Chileans—he affirmed—will force the change to a new transitional government in which the Armed Forces will participate along with a great national consensus of political and social forces.”

Former president Frei Montalva thought that the Constitution of 1925 should be maintained, with some modifications that he did not specify.

Finally, former National Party representative Juan Luis Ossa, announced that he favored the draft, “because it confirms the fundamentally democratic character of the government’s future institutionalism, expressed by a wide range of individual guarantees, recognizing universal suffrage and providing representativeness as being the end of the search for an adequate balance of state powers.

In the end, the State Council delivered to the junta, so that it could be resolved, the preliminary bill supported by the majority of its members and the minority vote of advisers Ibáñez and Cáceres.[7]

Opposition Act and Ecclesiastical Position

Pinochet said that on one occasion, when he was about to embark from La Serena, he was informed of a letter coming from the former president of the republic, Mr. Eduardo Frei, to the minister of the interior, requesting authorization to hold a public ceremony at the Teatro Caupolicán and also to utilize national radio and television to transmit the act to the public. “I immediately gave the requested authorization. My response was that permission be given, taking into consideration the political recess during the assembly, but that it would not possible to grant them use of a radio or television station,

although the radio media that dealt with it could contract with them individually."[8]

Moreover, on August 23, 1980, the Episcopal Conference of Chile issued a long statement referring to participation in the referendum, but it was not easy to discern if it called on people to vote "Yes" or "No." One of the signatories of the communiqué, Monsignor José Manuel Santos, a critic of the government, said, "The Church does not support any particular group, nor is it supporting or rejecting the new Constitution. Moreover, it believes that the event can be a good starting point for a national consensus. In principle, it is a positive element."[9]

The Christian Democrats and the radicals called on people to vote "No." Socialists and communists called on voters to invalidate their ballots, but when the final results came in, only 2.77 percent of the voters did so. The constitutional project finally passed the last examination to which it was subjected by the members of the junta and its advisory teams, and was thus able to be submitted to a referendum on September 11, 1980.

And until now it is a reality. On the occasion of the referendum, 6,271,868 people voted, 67.04 percent approving the text and 30.19 percent rejecting it. A provision was also approved appointing General Augusto Pinochet Ugarte as president of the republic for a constitutional period of eight years as of March 11, 1981, in which a transitional government ruled by the transitory articles of the charter would be inaugurated, determined to expire on March 10, 1989, or on the same date in 1990, depending on the result of a required presidential referendum in 1988.

The Opinion of Jorge Alessandri

In a letter to Jorge Carrasco, author of his biography, former president Jorge Alessandri wrote about the text of the new constitution and prior ones, perhaps sardonically:

> We are fittingly proud of our "140 years" of democracy, during which one-half of the Congress has been appointed by the president of the Republic through some electoral farce. The

> sacred rights of the people have been mocked by the political parties every time they had the opportunity. They were the authors of the so-called “thermal Congress” and tried to do the same with the Congress that preceded it. Moreover, through *ad hoc* electoral laws, the people have, in fact, been limited to consecrating as their representatives those whom the leaders of the parties have imposed on them. This is why I insisted—and obtained—a Constitution that, instead of leaving this to a law going by whatever name, established norms that would prevent this abuse from continuing.[10]

Thermal Congress was an agreement between the president of the republic, General Carlos Ibáñez (1927–1931) and the heads of the political parties, adopted at the Termas de Chillán, a resort area featuring skiing and thermal hot springs, about 400 kilometers south of Santiago, where the head of state was taking some time off. In some sense, the parliamentarians were appointed by the persons agreed upon among the political leaders and the president, assuming that the required legal technicality was attained, i.e., that when the number of candidates was equal to that of vacancies, elections were not necessary. Ibáñez and the political parties agreed on the names, whose number did not exceed the number of positions to be elected in each case. Thus, the thermal Congress was convened with no need for elections but respecting the Constitution.

Miguel Kast Speaks on the Anniversary

The day before the plebiscite or referendum, on September 10, the governing *Junta* met in a session attended by all of the country’s principal authorities and sundry personalities from the civilian world, after seven years of government. In that session, the director of the Office of National Planning, Minister Miguel Kast Rist, addressed basic questions to a packed official’s room, in which he formulated several observations that touched the hearts of the audience:

> When has a larger percentage of fiscal spending gone for social programs than what is spent now? When did sports

> and the possibilities of recreation ever experience such a boom in our country? Also, when before has such a deep regionalization program been started, wherein more autonomy is granted and more money flows to the regions and municipalities? And finally, when have we seen Chileans bring down inflation and taxes simultaneously, while gross national product and salaries were on the rise?… But if there was progress in multiple aspects, there was one field where progress has been and will be most important: the field of freedom—the freedom to work, the freedom to choose consumer goods, the freedom to choose union membership or not, the freedom to choose health coverage and housing and, in the near future, the freedom of choice in foresight, i.e., in education.[11]

No one could say that any of Kast's claims were untrue.

Categorical Electoral Triumph

The international campaign against the plebiscite was intense, but Pinochet did what he had to do. In seeking to be favored by the vote, he met with people, spoke to them, and left almost no place in the country devoid of a personal visit. To eliminate the fear of extremist violence pertaining to the voting—of which the international press gave little account, but which constituted a threat in Chile—a state of emergency was declared in all the country's zones, each one having been left in the charge of a uniformed Zone Chief *(Jefe de Zona)*.

The latter was as it is today (in 2019 in any election), in full democracy. People could vote with their identity card and foreigners with their alien ones. Each card's corner was cut, after the vote, to avoid double-suffrage. The civil registry was, that day, also the electoral registry. Finally, in the constitutional and presidential plebiscite, a total of 6,271,868 people voted, representing 56 percent of Chile's total population in 1980 (11,190,000 people). The last elections held in Chile in 2017 drew 6,956,121 people, representing 40 percent of the country's population on that date, of approximately 17,373,000 inhabitants, according to the current census. Nevertheless, voting in the 1980 referendum was obligatory (unlike

the national consultation or poll of 1978), while in 2017 it was voluntary. Historian Gonzalo Vial admits:

> It is probable, due to the celebratory conditions of the plebiscite, that there was some fraud—a fruit of Pinochet's over-enthusiasm. And that in other circumstances, less hard for the opponents, the "No" would have come out better poised. But the loose and free victory of the "Yes" side, as a general truth, could only be denied by stubbornness.[12]

In the massive celebration of the triumph held on that September 11, 1980, Pinochet promised by the end of his eight years of government, recently ratified by the people, a million new jobs, nine hundred thousand new homes, one car for every seven Chileans, and a telephone for every five. The best results of the "Yes" side were obtained in the Araucanía (ninth) region, where then there were no signs of "Mapuche conflict" present in 2018–2019, along with the Maule (seventh) and Los Lagos (tenth) regions. The best regions for the "No" side were registered in Magallanes (twelfth) (37 percent) and the Metropolitan Region (36 percent). Among men (in Araucanía), the "Yes" side triumphed with 62.5 percent compared to the opposition's 34.82 percent. Among women, the triumph was 71.48 percent versus 25.72 percent. Chilean women are known to have more common sense than men. That is why, in 1940, a law had to be passed authorizing them to collect their husbands' family allowances, because by doing so there would be less risk that family money would be misused…or "drunk."

Communist Optimism

Rowing against the tide while residing in Moscow, the Chilean Communist General Secretary broadcast (over Radio Moscow's international airwaves) his quite characteristic optimism pertaining to the red party—completely contrary to the Chilean electoral results. He spoke of "developing a mass movement, isolating the dictatorship, joining forces, opening possibilities for victory."

In exemplifying the solution of revolutionary violence for Chile, Corvalán stressed: "This was the case in Cuba in the face of the

Batista dictatorship; it happened in Nicaragua before the tyranny of Somoza. As things go along, it will happen in Chile, too, against the fascist regime of Pinochet."[13]

In 1980 the Communist Party decided definitively for what its General Secretary, Luis Corvalán, called "acute violence." Already in 1975, in Moscow, Gladys Marín, Orlando Millas and Volodia Teitelboim had agreed that young Chilean communists would train in Cuba for the armed struggle. In his memoirs, Millas later showed some regret for that decision, because many of those young people died in the armed struggle in Chile during the 1980s. But it was in 1980 that the initial, decisive, and concrete step was taken.

Corvalán's speech on "acute violence" was delivered in September 1980, and in November 1980 the Manuel Rodríguez Patriotic Command was organized, taking the name of the cunning guerrilla for Chilean independence. That same Command would exercise violence, three years later, under the guise of "protests" and "social movements" (which were the civilian "screens" behind which the armed guerrillas would be disguised). The group would be renamed the Manuel Rodríguez Patriotic Front ($FPMR$), the main group responsible for terrorism and violence in Chile during the 1980s. A scholar of communist armamentism said:

> Throughout 1980, the so-called "popular resistance militias"—perhaps a nickname for the Manuel Rodríguez commandos—had perpetrated a series of assaults, the launching of explosive and incendiary bombs, the burning of vehicles, etc. Apparently it was the process of preparation for the future "armed response."[14]

The Exile of Zaldívar

It corresponded to me to be involved with yet another exile case, apart from those dealing with Renán Fuentealba (1974), Eugenio Velasco Letelier (1976), and Jaime Castillo Velasco (1976), which took place under the military government. As previously observed, the administration did not have an "exile policy," contrary to what has often been published. Indeed, it did not exile people, except in some

isolated cases and in that of the president of the Christian Democrats, Andrés Zaldívar, to whom I now turn my attention.

The voluntary departure from the country embarked upon by former Frei Montalva minister Bernardo Leighton, a man who fomented activities against the government of the junta while in Rome, became permanent and his treasonous actions warranted his prohibition from re-entering the country. They also led to the unjustified attack on his life, which we saw in Chapter II. Similarly, Zaldívar was banned from reentering Chile after he wanted to return from a tour abroad in 1980.

Zaldívar was a particularly virulent and prolific critic—and he frequently issued silver-tongued sayings—to berate the military government. He also made biting remarks in the foreign press, particularly Mexican newspapers. Surely, all this activity contributed to what happened to him: he was found to be "responsible for acts that constitute crimes against domestic security" (October 1980).[15] Andrés had been my friend since adolescence, and we had been classmates at the University of Chile's law school. He was still in Europe in 1980 when he was banned from re-entering Chile. I was the director of the afternoon newspaper *La Segunda* and I received a call from him wherein he asked me what reason had been given for the measure, but I did not know.

Therefore, I demanded the minister of the interior, Sergio Fernández, to receive me in a meeting, during which I asked why he had refused to let Zaldívar return. The minister called his assistant secretary, lawyer Francisco José Folch, who brought us a document, which they told me was classified and came from one of the Chilean diplomatic missions in Europe. It showed that Andrés Zaldívar attended a meeting dedicated to planning the forceful overthrow of the military government. Days later, the government told the press that if Andrés Zaldívar issued a statement expressing his compliance with the Constitution, he would be allowed to reenter the country.

In another call from him I expressed the foregoing promise and he asked me what document was he required to sign. I advised him to just declare in writing his respect for the Constitution and sign the document, but during that time his mother was presiding over a large demonstration in support for Andrés and she was publicly proud that

he had refused to sign any document required by the government. Under such circumstances, a son could not contradict his mother and it was left there, then, with him being unable to return.

Nevertheless, not long thereafter Pinochet lifted the ban, not before Zaldívar's international renown multiplied and he was honored with being appointed as president of the Christian Democrats' International group.

Pinochet described his actions as "acts that constitute crimes against the domestic security of the state and for which the government had prohibited his reentry into the country when he was in Spain". Two days later, the president of the dissolved Christian Democratic Party expressed that the decision prohibiting his reentry to Chile be declared as bogus—a ban that was later lifted."[16] In the end, he benefitted, and the international image of the administration was tarnished, if it had not already been negatively enough, affected beforehand ever since September 11, 1973. Indeed, it then reached a maximum level of prestige-loss through the KGB's smear campaign.

Reactivation of the MIR

The government had pacified the country, but terrorism was still nourished from abroad, by Cuban meddling in particular, and likewise evidence from socialist regions generally. In May 1980, the *MIR* attacked three bank branches and attacked the *La Llama de la Libertad* (the flame of liberty) in Plaza Bulnes, in downtown Santiago, commemorating September 11, 1973, killing the *carabinero* guarding it, Heriberto Novoa. He was yet another martyr of freedom whom almost no one remembers today. It's difficult to find the name of this hero and I give it so his memory can be honored.

In June 1980 the *MIR* attacked banks and police stations. So-called "operation return" was in progress, too, with ample foreign aid and financing. Guerrillas who had won their freedom by commuting their prison sentences through opting for voluntary exile and jobs abroad. They had been received by other countries but were now returning. Among them could have been one or more of the people who, on July 15, 1980, riddled with bullets the car of the Deputy

Director of the Directorate of Army Intelligence (*DINE*), Coronel Roger Vergara, with about fifty rounds fired from Soviet AKA rifles, killing Vergara and leaving his driver badly hurt.

This event weakened the *CNI*, which had already been accused of being inefficient and weak compared to the *DINA*. The government thus replaced retired General Odlanier Mena with another Army general, Humberto Gordon Rubio. Historian Gonzalo Vial, who had become an opponent of the administration after his abrupt departure from the "civilian team" of ministers, interpreted the move as a step in which "the assurance of human rights protection that he personally signified—and to which Fernández and the civilian team gave so much importance—disappeared."[17]

Marxist extremism managed to get everyone to speak their language: they could continue to murder in cold blood, because the only important matter for these scoundrels was to respect "their" human rights. The rights of the fallen uniformed men and the innocent victims did not matter. In fact, that is why, after 1990, the Marxist Museum of Remembrance was founded with public funds and inaugurated in 2010 by President Bachelet, but which only called to memory the Marxist version of history and paid tribute to its victims. It is similar to what would have been built if Adolf Hitler had founded a museum of remembrance to inform the world the atrocities involved in the allied bombings of Dresden and Hamburg, the deaths of women and children by the thousands, burnt by phosphorus bombs, while never so much as making allusion in that museum to what Nazis did during that war or what Nazism provoked.

In Chile, that is precisely what has happened: Marxists declared war on democracy, armed themselves and attacked it, and ran over human rights in doing so. Yet once defeated, they declared themselves to be "victims of human rights violations," "attacked," and then blamed the military for everything. It then raised as a great accusatory monument the Museum of Remembrance, albeit made up of selective recollections accommodating its propagandistic convenience. Even Vial could not help but recognize:

> (O)nly the subversives know when, where, and which target they will attack. The possibilities are endless and, therefore,

> uncontrollable. If government leaders are controlled by anger, and press police to dispense with human rights in liquidating terrorists, an endless and vicious circle of illicit blows and counterattacks would begin. Such a panorama hardly displeased those who had initiated the violence, because it equated them morally with their enemy, the police; or it served as some justification and propaganda, confirming and extending the climate of danger and insecurity that they sought to create through their actions.[18]

It is clear from this fact that the real perpetrator was the aggressor, i.e., leftist extremists, and not the military government that was annually accused of repressing it before the assembly of the United Nations.

Avengers of Martyrs Command

Another questionable service, but for opposite reasons, i.e., exceeding the limits of the authority with which it was entrusted, was the General Directorate of Investigations, under the command of Army general Eduardo Baeza Michelsen. The apparent impunity of the subversives triggered emergency actions on the part of the security services. General Gordon, head of CNI, created an anti-subversive committee (CAS), with the help of men from the investigative police, the carabineros, and the *CNI*.

"Something had to be done," seemed to describe the sentiment about that predicament. Operation Return had brought back to the country hundreds of *miristas*, who re-entered clandestinely. Communists had formed guerrilla groups in Cuba—and they were being instructed on how to come back and kill military personnel, as well as civilians. The feeling began to be that the country was calmer when the *DINA* had a free hand. From that sentiment, vigilante actions were unleashed exceeding the limits of the laws that restrained the police by just a bit. And it happened.

The press received a pamphlet from a "commando of the avengers of the martyrs," announcing the commencement of that group's operations "in the face of the inability of the security forces and the police to handle the situation." Shortly thereafter, illegal arrests were

made whose origins the government ignored. The official doctrine of the opponents who later upheld the Rettig Report (which they commissioned) was that the official line of the military government contemplated “the systematic abuses of human rights.” But that notion is a historical fallacy. And precisely for that reason, it were the government authorities who first reacted when men and women—university students and workers apparently related to the *MIR*—began to be arrested, subjected to interrogations, and afflicted by illegitimate forms of constraint, such as beatings and torture by electricity.

The disappearance of two students from the Catholic University, Eduardo Jara and Cecilia Alzamora, in the municipality of Providencia, caused public alarm. They got out of a shared taxi and were taken to a van by people who said that they belonged to the *CNI*, but the *CNI* said they knew nothing of them. Days later they appeared in a vacant lot in La Reina. After being driven to a public clinic in Ñuñoa, Jara died of cardiac arrest. He showed evidence of electric shock and torture affecting his genitals. The news—like everything that denigrated the military government—was registered with large letters in the national and world press.

On August 11, interior minister Sergio Fernández and defense minister César Benavides, informed the country that investigative police agents were involved in Jara’s death. The justice system appointed a visiting minister to investigate the case and eight detectives were arrested. Never before in Chile, where under all governments torture was widely used in interrogating those who conspired to overthrow them by force of arms (in particular the regimes of Frei Montalva and Allende), had convictions for torture been brought about. How ironic that such practices were first punished under the military government, which was the most accused of practicing it, as well as it was the administration that faced the greatest armed terrorist challenge of all the regimes that preceded it.

Years later, a former investigative police officer who had fled to Argentina, betrayed his colleagues in that service through the Solidarity Vicariat (*Vicaría de la Solidaridad)* thereby incriminating that detective branch of the police force. This action precipitated the

resignation of General Baeza, its director, who had no personal responsibility for the actions, except for the always diffuse responsibility of "being in command."

Nevertheless, the *MIR* continued to make attempts on people's lives and participate in aggravated assaults, enjoying "the luxury of 'hitting again' the same bank branches that had been knocked-off in April."[19] By the way, the torture-induced heart attack and subsequent death of *mirist* student Jara, by the hands of the *COVEMA*, enjoyed considerable national and international coverage, exceeding that of the *MIR*-sponsored murder of Colonel Roger Vergara fifteen days earlier.

Communist Violence Unleashed

Hopeless before the economic success and the popular support garnered by the administration, the secretary general of the Chilean Communist Party, Luis Corvalán, exiled and speaking from Moscow, declared that it was necessary "to use against the military administration any combative means at a comrade's disposal, including acute violence." He took advantage of the opportunity to speak on the tenth anniversary of Allende's electoral triumph with 36.6 percent in a three-way race, wherein he was chosen by a full meeting of Congress since no candidate achieved 50.01 percent.

After him, a man with a green-olive uniform spoke, Galvarino Apablaza. He was a former student who had hoped to become a high school chemistry teacher. He was trained in Cuba and later became a combatant in Nicaragua and El Salvador.[20] Down to the present (2019), he remains a refugee in Argentina, immune from extradition requests for his part in the murder of Senator Jaime Guzmán, carried out by Ricardo Palma Salamanca and Raúl Escobar Poblete on April 1, 1991. He was the top official of the illicit terrorist organization of the communist party, the *FPMR* 1983–1999, also famous for its failed bazooka assassination attempt of Pinochet while riding in his car on September 7, 1986, the massive importation of illegal arms and explosives to an alcove in Chile's Third Region, thirty miles north of Huasco, some high-profile kidnappings of policemen and journalists, along with the bombings of

many restaurants, fifteen Mormon church buildings, and many radio and news media outlets.

Optimistic Forecasts

Minister of labor José Piñera told *Qué Pasa* magazine (December 27, 1980) that the purpose of the government was "to realize a true libertarian revolution." In May 1980, the minister of finance, Sergio de Castro, had similarly stated in his report on the state of the treasury:

> The economy is growing in such a way that in just eleven years it will be possible to double per capita income, whereas under past circumstances doing so was achieved only after a forty-six-year wait. Our inflation rate is close to the world's rate, hinting at future price stability; the balance of payments —the traditional culprit of innumerable crises—shows a continuous surplus, with a large accumulation of international reserves and an improvement in the country's image abroad, which has given the country an economic and political independence it could never have had in the past.[21]

Already a month earlier, in *Ercilla* magazine (April 16, 1980), former minister Pablo Baraona said, "It is not optimistic to think of a growth rate of ten percent and investment exceeding twenty percent of GDP." The main Chilean newspaper, *El Mercurio* (August 18, 1980), reported on a meeting with Minister Piñera before three thousand union leaders, during the course of which he assured them that, "In 1990, Chile will be a developed country." The transformation of the Chilean economy into one founded on the initiative of the people, more than on a behemoth state, was also manifested by the privatization (from 1973 to 1980) of over four hundred companies previously nationalized, state-run or seized by the Popular Unity. The number was reduced to forty-five.[22]

An Eloquent Warning

Shortly after the 1980 Constitution entered into force, Pinochet had an experience that impressed him. He was visited by the senior executives of the multinational corporation Exxon, which a few years earlier had bought the copper mine called *La Disputada de Las Condes* on the far eastern side of Santiago, climbing into the Andes. The Americans, in a friendly tone and reiterating their favorable inclinations toward the military government, candidly told him that the new Constitution would cut off possibilities for new mining investments in Chile.

What had occurred was that the Advisory Committee, composed of uniformed men with adequate statist bias, had "triumphed" in the constitutional debate. They prevailed with the language that stated the "absolute, exclusive, inalienable and non-preemptive domain" of the state over all mineral deposits. This thinking had previously (in 1971) made possible a constitutional reform that permitted the government filching and confiscation of large mining operations. The American executives saw that if mining property was to be state-owned, there could be no assurance of garnering the large private investment that such activity would require.

At the same time, while state ownership of mines was consecrated, the new rules further removed the possibility of private capital being injected into Codelco, the state-owned mining company, still the largest in Chile in terms of output in 2019. Who would risk investing in something he did not own, not to mention the risk of being nationalized? At its root, the clause had been a triumph for Codelco and the Advisory Committee during the constitutional debate.

Pinochet, with his characteristic intuition, understood that the concession that had been made in the Constitution to some of his most trusted officers with a notorious statist bias, had in reality conspired against mining development in Chile. It was hardly strange, then, that he appointed José Piñera as minister of mining, who had left the Ministry of Labor after achieving approval for his labor plan and pension reform, in addition to having had incorporated into the public debate "the seven modernizations." Piñera initially

wanted to be minister of education, but Pinochet appointed him to mining. Impressed by what the Exxon officials had told him, he understood that only a man like him could restore investor confidence in that productive area. We will see later just how successful his intuition was.

Odebrecht in Chile

In 1980, bidding was opened for the Maule River diversion project, in order to build the 400-megawatt Colbún-Machicura power plant in the lower Andes southeast of Talca, about 300 kilometers south of downtown Santiago. Endesa's board of directors opened a special registry to enroll highly qualified companies interested in participating in the bidding. A director of Endesa at that time, engineer Augusto Bruna, recounts what happened, which is up-to-date with the complaints registered against Odebrecht, the Brazilian conglomerate consisting businesses in engineering, construction, chemicals, and petrochemicals accused of bribing officials in at least eleven different countries:

> In September 1980, the official visit of the President of Brazil, General Joao Baptista de Oliveira Figueiredo, took place. Among the participants in the international bidding for Colbún was the Odebrecht company from Brazil, which held a preeminent position in the process. In a tribute lunch for the visitor held at the Undurraga vineyards in Talagante, thirty minutes west of Santiago, a witness was able to appreciate the lobbying efforts directed toward several ministers of the military government.
>
> A few weeks later, bids were received from participating companies and opened. A meeting of the Endesa board was called to officially discover the contents of the bids. The board membership included two competent professionals, both advisers to the Minister of Finance. After submitting the pertinent information, the general manager stated that "following the instructions of General Pinochet, the project should be assigned to the Norberto Odebrecht Company."

Given this situation, the ministerial advisers stated some of their reservations and asked that the decision be postponed, since it would not be prudent for the country to assign a project of such magnitude as a single block. To this concern was added the potential vulnerability that might be caused in case of finding some important discrepancy while the undertaking the effort…

After a debate that ended without agreement, the decision was postponed for a future session of the board. The advisors proceeded to immediately inform the Minister of Finance, Sergio de Castro, who went over to the presidential palace located at Cerro Castillo in Viña del Mar, to express his deep concern to the President who, without being aware of the situation, would soon appreciate what was going on due to opting for the Brazilians. Thus, he was disposed to find a solution for the negative aspects that had surfaced.

Accordingly, the project was instead divided among three large consortiums, which included prominent French, American, and Chilean companies. Within four and one-half years it was successfully finished... What became clear through this episode was that Odebrecht had unsuccessfully tried to garner spurious policies in its favor in this corner of America, poor then, but always honorable.[23]

Privatism versus Statism

Already in the Ministry of Mining, José Piñera faced off with General Gastón Frez, president of Codelco, winner of the constitutional debate on the statute that would govern mining and whose emblem seemed to defend the integrity of a state-run Codelco. In fact, Frez even defended the 1971 constitutional reform promoted by Allende to consummate the nationalization of copper: the mining subsoil was the “absolute, exclusive, inalienable and non-preemptive domain” of the state, very different from having the “eminent right” over the mines found in the Constitution of 1925, which did not confer to the state the attributes of dominion.

At some point, Pinochet understood that it was not worthwhile keeping the norm consecrated under the Marxist regime and defended by his military advisers. But surely he found it less “popular” to replace it on the eve of the plebiscite and anger his comrades and a probably the majority of public opinion, which was presented with mineral rights as if they pertained “to all Chileans.” He left it alone, albeit it was the same doctrine as the one favored by Allende and thus incompatible with fomenting private investment.

Piñera maneuvered with skill to assure General Frez that his plan to strengthen the legal security of private investments in mining would not affect Codelco. And he worked with Hernán Büchi and lawyer Arturo Marín to design a new status for mining property, in terms of being strengthened by the fundamental charter.

The future law affecting mining concessions, created a real right just as strong as dominion itself, and thus would become the third great historical contribution of this minister—in addition to pension and labor reforms. Together they would become the basic pillars of the transformation of the Chilean economy, from being an interventionist, ultra-regulated and very nationalized one, to a free, dynamic one. The economy would end up being validated before the eyes of the world, which would begin to speak of the “Chilean miracle,” because the military revolution placed the country at the forefront of Latin American countries’ growth statistics.

Under the new law, the mining concessionaire could only lose its mining rights if the state expropriated it and, in such cases, compensation would be paid equivalent to the present value of the mine. In other words, the net present value of all its future financial flows during the rest of the term of the concession. Clearly, a certain incentive not to expropriate mines was established, which was precisely what was needed for mining investment funds to begin to flow into Chile. In fact, they began to come into mining in unprecedented quantities.

Success on the Foreign Front

One of the worst nightmares that the junta had to face in 1980, apart from the incessant campaign of the global left fomented and

financed from Moscow, was the annual fallout of that Soviet predominance: The United Nations vote against Chile, accusing the country's government of "violating human rights."

Those adverse votes had been renewed successively and annually during the 1970s, even though the country had been completely pacified. Recall that in 1978 the number of victims of the confrontation between Marxist guerrillas and the security forces, often repeated in these pages, came to an end, reaching its minimum point of the decade with only nine people killed. At the same time, the well-being of the population was growing, since GDP was increasing at unprecedented rates, inflation was decreasing, too, as was unemployment. Few cities of the world offered a safer climate than Chilean ones because there was zero-tolerance for crime and terrorism in Chile. And yet the UN vote painted Chile as a place where we were living under constant threats and fear.

The successful management of foreign minister Cubillos defused that state of affairs and, in 1980, the UN Allana group, which harassed Chile, changed its tune and course. It widened its outlook —as it always should have done—standing watchdog over all the persecuted politicians of the world, instead of dedicating itself almost exclusively to Chileans. All this was further improved because the new special investigator, Costa Rican jurist Fernando Volio, was clearly more impartial than his Pakistani predecessor Allana.

Victims of Marxist Extremism

Those who were adversaries of the military government commemorate year after year the fallen in the armed struggle—which they originally declared against what they called a *bourgeois democracy*—all based on accusations for alleged "abuses of human rights" of the violent aggressors. But the dead at the hands of those aggressors, that is to say, of the extremist armed bands, are not usually remembered.

On July 15, 1980, an extreme-left commando murdered Lieutenant Colonel Roger Vergara Campos, director of the School of Army Intelligence. The crime was committed on Manuel Montt Street in Santiago, where he expired with more than fifty bullet wounds.

Nonetheless, the crime does not appear in the lists of “abuses of human rights” chronically published by the Marxist left.

In addition, on December 30, 1980, the *MIR* perpetrated three assaults on banking entities, in which two carabineros and one private guard were killed. Their names are not even remembered, in contrast to the fallen among those who promoted the armed struggle, now enshrined in the Museum of *Marxist* Remembrance and even hallowed through commemorative dates, such as the *day of the* (*young*) *combatant* on March 29, which year after year provides a renewed occasion for destruction and violence in Santiago along with Antofagasta, La Serena, Valparaíso, Viña del Mar, Concepción, and Temuco.

Calm on the Diplomatic Front

After complicated diplomatic efforts, at the end of 1980 the mediation of Pope John Paul II was achieved in the dispute with Argentina, which had had the two countries up in arms two years earlier. The Chilean delegation in Rome, composed of General Enrique Valdés Puga, lawyers Julio Philippi and Francisco Orrego, and diplomats Enrique Bernstein, Javier Illanes and Santiago Benadava, had obtained the Pontiff’s consent, but Argentina’s acquiescence was still lacking. Instead of giving it, Argentina suddenly closed all its border crossings with Chile. The reason? Two Argentine officers, Major Paulo Barileau and First Lieutenant Óscar Santos had been arrested in Los Andes, an hour north of Santiago, for espionage.

Diplomatic protests came and went, the Pope intervened, the accused were freed, and the border was reopened. The conflict remained in *status quo* during the following year, but not without continuous Argentine provocations. Meanwhile, as a conciliatory gesture, the Apostolic Nuncio, Monsignor Angelo Sodano, and Cardinal Silva Henriquez—surely due to the greater willingness of the first than the second—visited President Pinochet in order to invite him to the closing ceremonies of the eucharistic congress held in Santiago, which he ended up attending.

Annual Economic Balance

GDP growth in 1980 was 7.9 percent, more than satisfactory and always exceptionally high for what had formerly been customary for the Chilean economy. At the same time, the rate of fixed capital investment rose to 17.4 percent of GDP, and unemployment fell from 13.6 percent to 10.4 percent. Once again, a very significant fiscal surplus was generated in 1980, amounting to 3.6 percent of GDP. That success was very necessary for the government during the referendum year, when the new Constitution and an eight-year mandate for President Pinochet were up for a vote.

Things were gradually improving for everyone. Inflation also fell; the annual CPI dropped to 31.2 percent, considerably less than the 38.9 percent inflation the year before, but still above the 30.3 percent level of 1978. This indicator seemed to be the most erratic and indomitable, along with the balance of the trade, which remained negative. The latter had been negative since 1977, and in 1980 it hit 763.7 million dollars, over one hundred million dollars less than the previous year. The deficit in the current account of the balance of payments increased to 1,970.6 million dollars. External debt jumped to 1,108.4 billion dollars—a sharp increase. However, the capital account showed an important surplus of 1.920.9 billion dollars. The bottom line of the balance of payments increased again, reaching 1.244 billion dollars.[24] The gross international reserves of the Central Bank increased to 4.074 billion dollars, an increase of 1.760 billion dollars over the previous year.[25]

Chapter 9

1981: Pinochet as Elected President

The President in La Moneda

At a quarter to eight o'clock in the morning and on the second day of his term as constitutional president, elected during the plebiscite of September 11, 1980, General Augusto Pinochet entered the *La Moneda* palace. The carabineros guard paid him the standard honors due, a practice which since then has remained unchanged through today (2019). He ran through the carefully renovated and modernized government headquarters, accompanied by the Head of the Military House, Colonel Jorge Ballerino, and his naval *aide-de-camp*, commander Jorge Arancibia, who at that moment surely could hardly imagine that, after being commander in chief, one day he would be elected as a senator.

Visiting the president that morning was General César Raúl Benavides, appointed deputy commander in chief of the Army. In that capacity, he had become a member of the governing *Junta* and also presided over the fourth legislative commission (Army) of the same.

In the north wing of the palace worked the president and his wife, the latter undertaking her official duties as First Lady. The military house was there, too, commanded by Colonel Jorge Ballerino and, as the president's Chief of Staff, General Santiago Sinclair. The latter's function absorbed the old Advisory Committee and the National Commission for Administrative Reform, which was in charge of the regionalization process, under the direction of General Julio Canessa. All these organisms would be transformed, starting in 1983, and comprise the ministry general secretariat of the presidency, which would be headed by General Santiago Sinclair.

General Sergio Covarrubias, who headed the presidential General Secretary ministry, had been assigned to command the Fourth Army Division in Punta Arenas. The list of civilians who truly enjoyed

Pinochet's trust "was quite short: Sergio Fernández, Alfonso Márquez de la Plata, Hernán Felipe Errázuriz, Mónica Madariaga—until the rupture between the two in 1985—, Sergio Rillon (adviser on various topics, especially those pertaining to the Catholic Church), Julio Philippi (for the border conflict) and, beginning in 1984, Francisco Javier Cuadra...and no one else."[1]

The Ministry of the Interior occupied offices in the same north wing, while the Foreign Ministry settled into the south wing of *La Moneda*.

A Year of Great Challenges

1981 began under auspicious and positive economic, political and social indicators. The economy had been strong for a fifth consecutive year, public finances were healthy, inflation was declining, investment had increased and now represented 19.2 percent of GDP for the fiscal year, foretelling even higher future growth. Foreign resources were entering the country abundantly and would account for more than four billion dollars by the end of the year.

Nevertheless, there were storm clouds brooding abroad that began to undermine the climate of world and national confidence. An alarming domestic symptom was added: a press release on May 4, 1980, announced that one of the companies considered to be among the solidest and most prosperous in the country, the Sugar Refinery Company of Viña del Mar (CRAV), petitioned the ministries of economics and labor for authorization to go out of business. It announced that the reduction in tariffs, which were part of the policy of opening up the Chilean economy, had resulted in considerable losses for the company's main business: cane sugar refining. Yet it did not detail that a risky speculation with sugar futures had generated huge losses.

This situation affected the entire group of companies headed by CRAV's main shareholder, Jorge Ross Ossa, owner of a supermarket, an insurance company, sugar beet processing plants, a mutual fund company, and other relatively minor businesses.[2] It was an "isolated situation," it was said, but the prestige of CRAV and

Jorge Ross was so evident that some people began to wonder if other groups that had likewise been considered to be just as solid, might be hiding an underlying iceberg of instability, too.

Creation of the AFP

On Labor Day, May 1, 1981, labor minister José Piñera made a very important announcement: the creation of the system of pension fund administrators (AFP). One of the "black holes" of the Chilean economy for decades had been the pension system, ostensibly "bankrupt" for many years already, basically financed by "printing" new money—at least until the fiscal and monetary discipline of recent years arrived.

Yet it was a fact that the "pay-as-you-go" system in force for social security (the contributions of workers financing the pensions of retirees) had meant that those who "distribute" the funds (i.e., governors, legislators, and politicians) "took the best part." The worst part was carried along by the immense majority: white- and blue-collar employees. The latter, who "paid in" to the state-run social security (pension) plan, had the worst pensions of all, and if they did not complete the minimum number of years of work, not only did they not receive a pension when they reached retirement age, but also lost the retirement contributions that had been deducted from their paychecks.

On the other side of "reality" were those who enjoyed greater power to apply pressure and had "saints in the court" (influential people). Consider that a typical worker needed thirty-five years of contributions in order to retire, but a parliamentarian could do so with only fifteen. Those who had information or influence could obtain very advantageous loans from the pension payors, the *Cajas de Previsión,* to buy, for example, a home: payable in installments stated in nominal pesos, even when inflation reached 70 percent during certain years. What was the result? Less principal than what was received by the borrower ended up being returned.

The pension payors *(Cajas)* built buildings with luxury apartments that the most influential people occupied and for which they paid very low rent. Doing so defunded the system. And who could replace

the deficit? “The fiscal father,” who, since he did not have enough money to pay the pensions, simply printed it…

The new pension system created by the military revolution was based on the individual savings of the worker that, when well-invested, should be sufficient to provide employees with a pension equivalent to 70 percent of their salary received during their final working years, upon reaching the age of retirement. Since then, one’s well-invested pension funds, have also be added to the country’s productive investment capital, allowing it to grow at a higher rate.

Furthermore, from that point on, no one would lose their retirement funds. Even if someone had accumulated little, the respective pension administrator would be obligated to pay a pension based on the amount accumulated, once the worker reached retirement age. It was a great advance, but the system has fallen under considerable criticism during the Twenty-First Century, because many workers with huge gaps in pension-funding accumulation, for years in which they did not work or contribute, will end up having only minimum pensions, thus generating the impact on lowering the average pension paid by the system and allowing the critics to say that it pays out “mediocre pensions.” Also people live longer and the retirement age has not changed, so the same fund accumulated must be divided by more years, which results in lower pensions.

Uneasiness Regarding Expectations

This new pension system was one of the reasons that explained why Chile, under the military government, went from lagging behind other underdeveloped nations to the one with the highest per capita income in Latin America. Nevertheless, signs of uneasiness unleashed by the bankruptcy of CRAV forced the authorities to pay attention to any outcroppings of public nervousness and reassure people.

Minister of Finance Sergio de Castro reported in his *Address on the State of Public Finance* (July 1981) that the fixed-exchange rate provided great stability for the Chilean economy, despite the fact that “some specific adjustments that we have had to face during the last

months have aroused certain concerns, mainly referring to our monetary and exchange rate policies." The minister added, "We must generate a current account deficit in our balance of payments, because that deficit precisely reflects and measures the foreign savings that we have been able to bring into the country." He later added, "Those who express fears that our country's current external debt is too high, should bear in mind that the important thing is not the amount of that debt, but rather the ability to repay it based on using the resources it generates."

The Weight of the Story

Nonetheless, the domestic environment was not tranquil. People still had not forgotten that twenty years before, under the government of Jorge Alessandri between 1958 and 1961, a similar fixed-exchange-rate policy had led to the depletion of dollar reserves at the Central Bank. That policy, in turn, led to a great devaluation that ruined what had been characterized (until that time) as successful public administration.

Many people feared that just as having the dollar pegged to be worth one *escudo* could not be sustained in 1961, neither could one dollar fixed at thirty-nine pesos in 1981 be sustained. Yet Pinochet strongly supported the policy, even though he himself was under pressure to devalue the peso.

Some adjustment, in any case, had to take place anyway. If the exchange rate itself did not adjust, the rest of the economy would have to do so, and that is why de Castro proposed eliminating the minimum wage and called for a general salary reduction. Those policies would have helped the economy adapt to real wages and company costs in order to cope with the fact that thirty-nine pesos per dollar no longer represented an equilibrium situation.

Yet within the cabinet there was no agreement. Minister José Piñera, who has changed his role from labor to mining, was in favor of devaluating and said so to the president. He was also against lowering wages and salaries or abolishing the mandatory minimum wage. "Current unemployment is unrelated to the minimum wage and the measure will bring political problems," he said. Leaving the

meeting, de Castro sharply rebuked José Piñera. The former immediately went to his office and found an article written by the latter wherein he criticized the very existence of a legal minimum wage. He took it to the president, stating, “Here is the opinion of José Piñera, the economist; the one you heard today is that of the politician.”[3]

But the ensuing bankruptcies and interventions that would occur further weakened confidence in the domestic economy, undermining the prestige of the automatic adjustment policy maintained so tenaciously by the minister of finance. It is true that dollars continued to enter the country, but now the mistrust was evident in financial markets and fears arose regarding a coming cessation of payments. These suspicions culminated with intervention by the respective superintendent of banks and institutions into the business of General Financial Company, Capital Finance SA, Finansur SA, and Cash Finance SA. The reason is that central and state banks must favor intervention into such entities in order to control the usual and known consequences of depositor panic: a bank run.

An Illustrious Visit

In 1981, the 1974 Nobel Prize winner in economics, Friedrich Hayek, came to the country. He was invited by the Valparaíso Business School, on behalf of which former senator Pedro Ibáñez, president of the foundation that owns the establishment, along with its director, professor and economist Carlos Cáceres, coordinated the visit. The latter

> as his host, went to pick him up at the airport and took him by car directly to the Fifth Region (of Valparaíso), where he lectured at a conference for the students of that school. Observant, carefree, and greatly enjoying typical Chilean dishes, Cáceres remembers that Hayek accompanied him to lunch at a restaurant in Curacaví, 45 minutes west of Santiago, where he asked for some of that good chicken stew that he loved. Sharing a meal with him was a privilege. He took him to visit Viña del Mar and drove up the coast to Concón and, curiously, rather than looking at the maritime

> landscape, Hayek was interested in knowing the structure and composition of the rocks. He asked several times to get out of the car to touch them. Later they went to visit the famous breakwater, a massive public work called *el molo de Abrigo*, in Valparaíso. He was a person who enjoyed simple things and silence, too. He spent more than an hour looking at the port and the city with enormous admiration.[4]

On that same trip to Chile, Hayek was invited to lunch at the newspaper *El Mercurio* in Santiago, an occasion wherein I was present. From him I recall hearing a critique of the theory of rational expectations that at that time was fashionable in economics schools, as well as some of his disagreements with Milton Friedman in several areas. After lunch he snuffed powder (*rappé*) from a silver box, a habit that I had only learned about from XIX century novels.

The Chilean Miracle Enters into Crisis

International magazines such as *The Economist* and *Fortune* overcame the panic that the KGB unleashed in its worldwide campaign of denigration against the military administration. That panic had led the first of these to quickly change its support for the military government after September 11, 1973—by acerbic criticism. They both recognized that a Chilean miracle was unfolding, although they tried, of course, to disassociate it from the Chilean government and Pinochet.

> The national forecasts are dazzling: Piñera: Chile, a developed country by 1990. De Castro: per capita income used to double every forty-six years; now the period will shrink to just eleven years. Baraona: it is not “optimistic” but realistic to think of 10% growth per year and investment rates of 20% per year… The “boom” is here and intoxicates everyone… The year 1981 ended with inflation never seen... so low: less than 10% per year. With a real 9% increase in salaries. With five consecutive years of growth running at approximately 8%. With a budget surplus of 3%. From 1973 to 1980–1981 annual exports had increased in value more

> than three times, and new products more than eighteen times. Between the same dates the reserves of the central bank had risen from US$167 million to US$4.074 billion.[5]

The privatization model had been successful, affecting more than four hundred companies that the state had seized or been running in 1973, of which only forty-five remained in its possession at the end of 1980. But there were dark clouds forming on the horizon. The dollar had begun to appreciate in 1981 with respect to all currencies, making it more difficult for Chile to maintain its fixed exchange rate, because if the exchange market had been floating freely, the dollar would have risen as elsewhere, but it could not.

In addition, the main source of foreign exchange for the Chilean economy, copper exports, was dampened because the price of that metal had fallen 30 percent (in dollar terms) between 1979 and 1981 (because the dollar had increased in value). Hence, fewer dollars were and would be coming to Chile, but the fixed exchange rate prevented this adjustment from being reflected within the current exchange rate parity. In fact, 1981 would end up being the only year, from 1975 onward, that the volume of Chilean exports did not grow.[6]

Yet at the same time, the model introduced important legislative changes to make the economy stabler and more successful. On October 18, 1981, Decree No. 18,045 dealing with the securities market and Decree No. 18,046 dealing with corporations, were introduced to modernize and regulate two very sensitive areas of domestic activity.

Nevertheless, the Chilean miracle was facing a financial storm. Hence, the authorities took draconian measures to face it: on November 2, 1981, the superintendent of banks and financial institutions intervened in the banking operations of Banco Español-Chile, Banco de Talca, Banco de Linares, the Banco de Fomento de Valparaíso (Valparaíso Development Bank), and also, as noted previously, Compañía General Financiera (General Finance Company), Financiera de Capitales SA (Capital Finance Co.), Finansur SA, and Financiera Cash SA (Cash Financing Co.), due to serious situations that had compromised their economic stability.[7]

Revolutionary Coordinating Junta

The country's prosperity had plunged the violent subversive movements into lethargy. There was domestic peace and only occasional *MIR* bombings were taking place. The communists, who always work toward long-term objectives, conspired to have a new organized, armed subversive movement, but it only attained effectiveness after 1982. In terms of foreign policy, tranquility had been achieved, because papal mediation with Argentina was advancing and there was little fear of clashes along the border.

In the political order, the opposition had been reduced to its final state of discouragement for two reasons: (1) the 1980 plebiscite had corroborated, and had been confirmed by a Gallup poll, that the military government had considerable majority support among Chileans, and (2) economic conditions for common people appeared to be better and better. In addition, subversive violence had grown to become increasingly unpopular. The bank robberies of the *MIR* in December 1980 had left two *carabineros* and a guard dead. The public was horrified. Since the government had power to influence the media, the horror of these facts was accentuated.

This fact explains something about the enormous contrast that always existed, but in 1981 particularly, between national and international opinion with respect to the military administration and the domestic situation. Even foreigners had the same bipolarity problem. Germans, Spaniards, or Englishmen living in Chile had a much better opinion of the administration than their compatriots in their countries of origin.

Nonetheless, the violent opponents were not dissuaded by their lack of popularity. In April 1981, they attended a revolutionary coordinating junta in Port of Spain, Trinidad-Tobago. Uruguayan, Argentine, Peruvian, Central American and Chilean guerrillas attended, in the latter case the MIR.

Many years later the left judiciary of the different countries threatened by the guerrillas was horrified to learn about the Condor Plan that had permeated government security agencies. They had forgotten that the first plan to be coordinated—in order to better kill its adversaries—was that of the revolutionary coordinating *Junta*,

which could not but elicit the agreed response of the security forces in threatened countries.

As early as 1974, the aforementioned revolutionary junta was composed of the different armed groups: The National Liberation Army (ELN) of Bolivia; the Revolutionary Army of the People (ERP) of Argentina; Tupamaro National Liberation Movement (MLNT) of Uruguay; and the Revolutionary Left Movement (MIR) of Chile had all met in Paris.[8]

In 1981 they managed to create different subversive focuses and, in the case of Chile, centered in Neltume, near Panguipulli and the Argentine border, northeast of Valdivia, 882 kilometers south of Santiago. It had already operated there since 1973, the year in which its leader was shot: “Comandante Pepe” (José Gregorio Liendo). This head of all southern subversives—having just finished a war council—had recently confessed to journalist Nena Ossa that the revolution would not succeed if it did not generate at least one million dead.[9]

This new guerrilla generation of 1981 was being trained in military camps at Punto Cero, Cuba, as well as in Algiers and Libya.[10] Around thirty guerrillas had landed in Argentina and then crossed over into Chile, back to Neltume. However, the *CNI* was receiving information from Cuba pertaining to all these operations through the CIA. Accordingly, “Operation Machete” was mounted by the military government, with the support of the army’s black berets, and the *miristas* who did not manage to flee were killed. Thus, the guerrilla venture ended.

The MIR would take revenge by perpetrating an attack in Santiago. On November 18, 1981, a vehicle used by the president’s Chief of Staff, General Santiago Sinclair, not present, was blown up. Three bodyguards were killed. As it was a triple murder committed by the left, the vile act is not part, of course, of the “history of horror” that today is used to characterize the military government.

One of the subversives who fled Neltume was Arturo Villavela, who had been captured in 1974 after a confrontation in which he took seven bullets—wounds from which he recovered—served three years in prison and then obtained commutation of his sentence and

sought asylum in Norway, along with his wife and son. All that happened under the full rule of the military government. It showed a leniency to guerrillas more than the post–1990 governments have done to military political prisoners. How would such piety be welcomed by any inmate of Punta Peuco in Tiltil, forty-five minutes north of Santiago, where Pinochet-era military officers are imprisoned!

Well, Villavela returned to Chile to kill people in 1981. Yet he had little success, because the country was living in an economic boom admired abroad and people here did not need a revolution. We will hear from him later.

Communist Meeting in Mexico

In September 1981, "the Communist Party gathered in Mexico, along with the rest of the Chilean Left, tying the latter to boxcar of the armed struggle. After six long days of discussion (September 13–18) a joint declaration of the following eight Chilean groups or parties appeared: The Communist Party, two socialist parties, the *MIR*, the Radical Party, the two Unified Popular Action Movement groups (*MAPU*), and the Christian Left."

The approved euphoric document stated, "The popular movement will use the forms of struggle it deems most appropriate at each moment, from expressions of civil disobedience to direct actions and armed propaganda, in the framework of a ripping-apart strategy with an insurrectional perspective." Later on, it indicated that, "in the path of popular mobilization, all forms of struggle are inserted, and a militaristic dimension of the political struggle must be formulated in a rational and progressive manner."[11]

Latin American Integration and Bolivian Posturing

In August 1981, the treaty establishing the Latin American Integration Association (*Aladi*) was signed by Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. Its objective was to resume the process of Latin

American integration and establish objectives and mechanisms appropriate for the new reality of the region, where governments emerged that were open to the idea of economic freedom and whose policies were incompatible with the statist and interventionist atmosphere of the past. Such old ideas had forced Chile, on account of their incompatibility with its open economy scheme, to abandon the Andean Pact.

In these forums there seemed to be a good understanding between Chile and Bolivia, which alleviated the tensions derived from the posturing with respect to the latter country's national territory. In this regard, Pinochet said, "Chile has already taken a first step, having previously talked with the Bolivian gentlemen; hence, the ball is in their court now, given that we have already acted fraternally."[12]

However, the truth of the matter is that military relations between Argentina and Bolivia had been strengthened. Already in 1978, in the midst of the border crisis involving the former country and Chile, those two countries had signed a treaty of mutual assistance. According to it, Argentina would offer Bolivia facilities to transport and store war material through its territory and provide training for future officers of the "Bolivian Navy." It was further confirmed that there were sixteen Argentine soldiers serving in advisory capacities in Bolivia.[13] The focus of potential tension was evident, and integration in *Aladi* could have been merely palliative.

Opening Up to Asia and Oceania

The free trade policy put into effect by the military revolution led to the strengthening of ties with Japan and the republic of Korea, which were then extended to other Southeast Asian countries. Links with Australia and New Zealand, countries which share interests in Antarctica alongside us, were likewise expanded.

In October, the commercial adviser of the embassy of the People's Republic of China highlighted the increase in reciprocal trade, although no one could have foreseen that thirty or forty years later China would be the country's main trading partner. In November 1981, the vice minister of industry and mechanics of China, who

chaired a delegation, met with Pinochet. Two years later he would receive the vice minister of foreign trade and external relations, and finally, six years later, he was visited by the president of the People's Republic of China himself.

International relations had become increasingly strained, yet it was evident that the anti-Chilean campaign unleashed by the Soviet KGB had much less effect on the other great communist power than on the nations of the capitalist world. Not even the United States, whose President Reagan expressed sympathy for the Chilean military revolution, eloquently conveyed to President Pinochet in writing, managed to overcome the political pressures reflected, for example, in the Kennedy Amendment. That legislation prohibited the sale of arms to our country during the time when it faced serious border challenges.

Terrorist Reblooming

Many had criticized the "repressive excesses" in prior years, but the fact is that the country had calmed down, ending the decade of the 1970s with very few annual fatalities resulting from the confrontation of Chilean security forces with subversive groups. Those groups were already practically eradicated. However, in 1981, there was a terrorist revival, given that neither the USSR nor Cuba had abandoned their attempts to overthrow the Chilean government by force of arms:

> After the assault and resulting fire on the passenger train serving Peñablanca-Valparaiso route, at the Valencia station near Quilpué, the President emphasized that that attack was further evidence that "while terrorism is controlled, it is not extinguished." Unfortunately, he was right because, on November 6, 1981, the President of the Supreme Court, Israel Bórquez, was attacked and wounded in the shoulder. Four days later, the home of Governor René Rojas Galdames is damaged in a similarly violent event… Within a few days, and despite receiving the reports and recommendations, terrorism struck new blows. The Las Lilas (Providencia, Santiago) neighborhood guards of the residence of the

> General Secretary of the Presidency, General Santiago Sinclair, were murdered by individuals who arrived in a C-10 truck that they later abandoned… At the end of the year, Neltume (near Panguipulli and the Argentine border with lake crossing to Puerto Fuy) again made the news. An extraordinary bulletin of the Directorate of Army Intelligence (*DINE*), reported that on November 28th there had been a confrontation in "the guerrilla zone of Neltume." In that confrontation an extremist had died, while three others managed to escape.[14]

A Firm Hand

The most debated provision of the new Constitution was transitional Article 24, which empowered the president of the republic to take extraordinary measures simply by employing an executive order signed by the minister of the interior, "by order of the president of the Republic." It attributed to him extraordinary powers to limit the freedom of expression and the right of assembly, together with allowing him to prohibit the entry of persons or to expel them from the country.

It was the most controversial rule of the new Constitution. In using these powers accordingly, on August 11, 1981, Pinochet banished Jaime Castillo Velasco (Christian Democrat), Alberto Jerez (Christian Left), Carlos Briones (Socialist Party) and Orlando Cantuarias (Radical Party) from the country. The last two were ex-ministers of the government of Salvador Allende.

The union leaders opposed to the administration were lodged within the National Trade Union Coordination group, which publicly questioned the economic policy in general and the labor plan in particular. The government, taking advantage of the faculties conferred by the same Article 24 (transitional) of the Constitution, decreed that the president of that entity be expelled from the country, Christian Democrat Manuel Bustos, along with the communist general secretary, Alamiro Guzmán.

The government also declared that Castillo Velasco, previously exiled in 1976 and then permitted reentry under his commitment to

respect the political adjournment, did not fulfill his end of the bargain. The same may be said about Jerez, arrested in 1973 and released under the same conditions, who also did not comply after returning. The official statement declared that “the government has had to make a decision according to the law, because continuing the political recess and the proscription of Marxism are two fundamental tools being used in the process of economic, social and political development in which the whole country is engaged.”[15]

Pinochet affirmed a week later that “those who believe that under a more lenient rule there would be greater peace are mistaken,” adding that “the Soviet Union continues to consider us to be a strategic objective. There are some who have argued that the expulsions were inhumane, to which I reply that it would be much more inhumane if the communists had been brought back to Chile.”[16]

Furthermore, at the end of the year 1981, he did not hesitate to expel three Spanish priests, Domingo del Álamo, Ignacio Sancho and José Frías, who served the parish of El Señor de Renca in northern Santiago. How do you maintain a government harassed by terrorism that is financed and encouraged by one superpower, while at the same time being pestered for being complicit for such defensive actions by the other superpower? By a firm hand.

Mining and Agrarian Reforms

Minister José Piñera had worked all year to bring about his third fundamental reform, in addition to privatized social security (pensions) and flexible labor laws, which supported private investment in mining. He had been patiently convincing the legislative commissions of the three branches of the armed forces and carabineros in the junta about the benefits of the project that would end up giving mining investors a guarantee as strong as full ownership itself.

As soon as the junta gave its approval to the Constitutional Organic Law on Mineral Concessions in December 1981, José Piñera resigned from his role in the Ministry of Mining. He was replaced by lawyer Hernán Felipe Errázuriz, who would be responsible for promulgating the respective law, No. 18,097, in

January 1982. (16b: For an extended explanation, see José Piñera (2004), “Wealth Through Ownership: Creating Property Rights in Chilean Mining,” *Cato Journal* 24:3 (Fall), 295–301, retrieved from https://object.cato.org/sites/cato.org/files/serials/files/cato-journal/2004/11/cj24n3-7.pdf on February 16, 2019)

With the military revolution having reestablished private mining with legal security, the government had already resolved eleven thousand cases of mining-related problems by 1981 that had emerged on account of the agrarian reform of (President) Frei Montalva (in the late 1960s), which was later radicalized under (the ensuing President) Salvador Allende, gutting the country’s agricultural sector. Another 37,647 cases were still pending, but the strengthening of private property had already resulted in robust agricultural production growth. Fruit then appeared as a fundamental export in Chilean foreign trade. Pinochet could rightly say: “This government has been the one that has given more individual real property rights to peasants; indeed, they have personally been given legal title to land” (Mining Reform and Agrarian Counter Reform).

Managing Local Public Education

In 1980, the government had begun to decentralize public primary and secondary education. The president stated on September 11, 1981:

> To date, 30% of public schools have been transferred to the municipalities, taking charge of administrating these establishments, with the state providing the financing based on the number of pupils attending classes. In figures, from December 1980 to August 1981, 2,410 educational units were transferred, involving 800,000 students and 29,500 employees.[17]

The municipalization (of public schools) seems to have been conceived as an initial step to establishing a system of educational freedom and decentralization in the country. To dismantle a bureaucratic monster such as the Ministry of Education (in 1980) must have seemed to the military government itself to be an

impossible task. It is likely that their most lucid minds saw that municipalization was a step toward full educational freedom, which involves removing many subjects from state tutelage that should be left to the freedom of families to decide.

From there, the next step would entail full educational freedom for families to choose how and where their children should be educated. In those cases where people do not have sufficient resources, a (taxpayer-funded) voucher could be freely assigned to the educational establishment of their choice, but several other steps prior to such a policy would have to be concluded first. Yet the initial direction of the process, implied by municipalization, seemed correct.

Pinochet Made Captain General

In 1981, the nomenclature of Army superiors was modified in such a way that further tainted Pinochet's image, lending itself to the ridicule from his adversaries and the contented silence of his supporters, who thought that his work as a statesman was sufficient to warrant historical distinction. In effect, the commander in chief of the Army became the only one with the rank of Captain General, like the former rulers held in colonial Chile. The division generals, who were in the same rank as with Pinochet, became known as major generals, brigade generals, brigadier generals, and colonels—if they had over four years of experience—became brigadiers.[18]

Pinochet reaffirmed his connection with the world of public service and intermediary firms in 1981 too. As historian Gonzalo Rojas said:

> Everyone had the right to make a proposal, unlike serving only the monopolies of the most powerful pressure groups. That is why he was seen receiving the Bolivarian Academy, the José Miguel Carrera Historical Institute, the September Foundation, the Rotary Club of Santiago, the Lircay Historical Society, the Cueca National Federation, etc.[19]

The same historian added that "many were, at any rate, the intellectual and cultural figures that supported the President during those years." He mentioned actresses Pury Durante, Silvia Piñeiro, and Alicia Quiroga; singers Antonio Zabaleta and Benjamín

Mackenna; composer Jaime Atria “Magician” Fernando Larraín; along with singers and showmen and show-women José Alfredo Fuentes, Gloria Simonetti, Andrea Tessa, Jorge Rencoret, Willy Bascuñán; and writers Fernando Emmerich and Sady Zañartu and other intellectuals, such as Joaquín Barceló, Armando Roa, Alicia Morel, Braulio Arenas, Luis Droguett, Enrique Campos Menéndez, Juan de Dios Vial Larraín, Igor Saavedra, José María Palacios, Julio Retamal Favereau, the priest Gabriel Guarda, Álvaro Scaramelli, Myriam Hernández; and many others.[20]

Civil Supporters Organized

From the same March 11, 1981, when President Pinochet’s eight-year presidential term had begun, Jaime Guzmán and his people tried to stay close to him, attending celebrations he organized, defending him when he suffered strong ecclesiastical attacks, affirming that the supporters of the administration would continue to be “Catholics and governors.” They suggested avoiding the formation of a civic movement to support the government that could break the political respite and legitimize the opposition’s activity.

But when doing so had become ostensible and inevitable, the New Democracy movement was founded to support it, so that he would “follow the path that would lead us to a society where liberty, justice, progress, and security prevailed.” In essence, the difference between the government and its opponents was that the latter wanted to precipitate an outcome, breaking the proposed itinerary in the transitory articles of the Constitution, while the former struggled to maintain it rigorously, as finally happened in the end.

Argentina Does Not Respect the Status Quo

After the mediation of Pope John Paul II was accepted a year earlier, 1981 became a year of the *status quo* at our border with our neighboring country, but there were numerous violations of Chilean waters by Argentine ships in the southern theater, which caused some annoyance. In September 1981, the Argentine cruiser *General Belgrano* sailed for seven hours through Chilean territorial waters

without authorization. Pinochet met in La Moneda with Admiral Merino and the ministers of the Interior and Defense. However, the Chilean government ruled out armed conflict, continuing to rely on papal mediation.

In October 1981, the president held an informational meeting with the entire Chilean delegation associated with the mediation process. They insisted on ruling out armed conflict. Argentine president, Jorge Rafael Videla, also issued reassuring statements, which contributed to mutual trust.

But then Argentina registered *Parque Los Glaciares* (Glaciers Park), south of Mount Fitz-Roy, in the Santa Cruz province, as a "world natural heritage" site, while attending the fifth meeting of UNESCO. Doing so would have been very good if it were not for the fact that the Chilean minister of defense, General Carlos Forestier, pointed out to the president that the boundaries of the *Parque Los Glaciares* were superimposed on Chilean territory.

Forestier asked the president for authorization to initiate "decisive action." The situation was aggravated because in November 1981 an Argentine Navy plane violated Chilean airspace in the vicinity of Puerto Williams. General Forestier asked President Pinochet to inform the Pope along with strongly protesting Argentina's unwanted incursion.

The only legal tool remaining to resolve these disagreements, apart from papal mediation, was the *Treaty of Peaceful Solution of Controversies* signed with Argentina in 1972. It was due to expire in 1982. However, in January 1982, Argentine president Galtieri proceeded to void it, i.e., to unilaterally leave it without effect. Doing so seemed to be an ominous antecedent. Indeed, such unjustified aggressiveness by Argentina would not end up being costless during the following year.

The Election of Reagan Meant a Positive Change Toward Chile

With Ronald Reagan's rise to power in the United States, things improved for Chile, even though the bureaucracy of the State Department retained its leftward-bias, permeated deeply by anti-

Chilean rhetoric originating from Moscow (i.e., the KGB). Such had been a constant feature of public opinion, the media, and American officials.

Nevertheless, in February 1981, the prohibition imposed by Carter's government against granting subsidized loans from Eximbank to finance US exports to Chile was lifted. The vote that Washington had maintained against making loans originating from the World Bank and the Inter-American Development Bank to Chile was lifted, too.

The minister of foreign affairs, René Rojas Galdames, traveled to the United States to discuss lifting the Kennedy Amendment, which prevented the sale of arms to Chile during the period of its greatest bellicose jeopardy suffered during the Twentieth Century, related to its borders. That amendment had onerous consequences for the country.

Regrettably, the Democratic senators secured the help of "moderate" Republicans (i.e., the "soft belly" of their party) and the Kennedy Amendment stood. But now the American private sector better understood what was really going on in Chile. Moreover, visits by Evelyn Rothschild and, the following year, David Rockefeller, marked the preamble that improved the possibilities of North American investment here. Both families owned big business interests in the country.

Moreover, United States ambassador to the UN Jeanne Kirkpatrick visited Santiago. She was a well-known Republican character who issued statements supporting the Chilean government and expressed that a main priority of the Reagan administration in Latin America was the fight against subversive communism. Therefore, it planned to ditch the political assault against Chile based on the biased condemnation declared by the Carter administration—under the pretext of alleged human rights violations.

Another good sign was the appointment of James Theberge as ambassador to Chile, the former colleague of Kirkpatrick at Georgetown University. He was the best diplomatic representative of the northern country during the military government and his intellectual quality and preparation were manifest in his book, *The Soviet Presence in Latin America* (1974).[21] In fact, the worst thing that

could have happened to the military government was the end of Theberge's mission in 1985, as well as his untimely death in 1988.

He was replaced by Harry Barnes, a career diplomat with an obvious anti-Chilean bias derived from having bought the smuggled-in propaganda developed by the Soviet KGB. Nonetheless, the best international news of 1981 came at the end of the year: Reagan formally lifted the ban on providing military aid to Chile.[22]

The Mont Pélérin Society in Chile

The Mont Pélérin Society, founded by Nobel Prize winner in Economics, Friedrich von Hayek, featured in its ranks the most distinguished academics and economists in favor of a free society. It resolved to hold its 1981 annual meeting in Chile. This achievement was due to the influence and concern of former senator Pedro Ibáñez Ojeda, a wealthy businessman who, as a politician, was first a member of the National Party and, beginning in the late 1980s, the National Renewal Party (Renovación Nacional).

He was seconded in the organization of the Mont Pélérin event by academic and economist Carlos Cáceres, dean of the Business School of Valparaíso. The Adolfo Ibáñez Foundation, which had merited belonging to the exclusive organization was, in fact, the true driving force behind the event. Pedro Ibáñez, who always honored me with his friendship, judged me worthy of distinction by granting me an invitation to speak during one of the daily sessions, held in the meeting hall of Hotel Miramar in Viña del Mar.

The keynote figure of the event was Nobel Laureate in Economics Milton Friedman and his intervention was listened to, because it took place at a time when the discussion on the fixed exchange rate prevailing in Chile was reaching a breaking point. Friedman, who had always advocated for the freedom of exchange, this time defended the policy of fixing the peso-dollar parity adopted by our country.

The fact that he had met with President Pinochet and expressed his agreement with the economic policies applied in the country represented a cost to Friedman's image. Given that international public opinion is predominantly managed by the global Left and this

opinion was at that time, in turn (as often noted previously), transmitted from the KGB's Moscow unit, whose favorite target to engage was the Chilean military *Junta* and, in particular, its president. The event was an accolade for the government just as it began to face very trying times, within the usual context of its general difficulties due to having to swim against the dominant global political current.

Year-End Changes in the Cabinet

Having completed his task in the Ministry of Mining, José Piñera left that role, as noted earlier, and was replaced by Hernán Felipe Errázuriz, who was responsible for promulgating the mining concessions law, proffering a real right just as solid as full ownership. General Alejandro Medina Lois, who did not get along well with the Chicago Boys, left his role at the Ministry of Health. He was replaced by Admiral Hernán Rivera, who did.

Alfonso Márquez de la Plata, who also got along with them, left the Ministry of Agriculture. He was replaced by José Luis Toro. But the outgoing minister maintained a close, personal relationship with Pinochet. Thus, his departure would be marked by a certain return one day, because he never separated himself from the group of civilians that the president trusted, which was comprised of few people.

José Luis Federici, a Chicago Boy, was replaced in the Ministry of Economy by General Rolando Ramos, who sympathized with that line, too. Furthermore, a key man from Chicago, economist Álvaro Donoso, assumed the crucial role of labor minister, being replaced in *Odeplán* by another one of his equals. Adding to and subtracting from the cabinet, the changes in 1981 led to economic policy being strengthened.

Annual Economic Balance

With all the criticism that the fixed exchange rate policy deserved, the mechanism did little to punish economic growth in 1981: GDP grew by 6.2 percent, less than in the previous four years but more than Chilean economic growth had been historically. The fixed

capital investment rate also increased, reaching its highest figure in a decade at 19.2 percent of GDP.

Unemployment in greater Santiago, however, increased to 11.3 percent, up from 10.4 percent the previous year. The prize for the fixed exchange rate policy went to the government for the annual inflation figure, which had fallen to 9.5 percent—a figure not seen in Chile since the early 1960s, when finance minister Roberto Vergara Herrera had also applied an unpopular fixed exchange rate policy. That relatively low inflation ended up being “a swallow in the wintertime.”

In 1981, a fiscal budget surplus was registered for the third consecutive year, reaching 1.7 percent of GDP. What did deteriorate was the commercial balance, which showed an unprecedented negative balance of 2,676.5 million dollars. Therein lied the seeds of a future crisis. The current account of the balance of payments showed a huge deficit of 4,732.6 million dollars but, at the same time, the capital account showed an almost equivalent surplus of 4,630.8 million dollars. In effect, the inflow of capital supported the Chilean economy. Remember this figure.

The bottom line of the balance of payments was positive, albeit a meager 67 million dollars. External debt climbed to 15.542 million dollars, more than five times what was in 1973.[23] Gross international reserves of the Central Bank fell to 3,775.3 million dollars, a decrease of 298.4 million dollars over the previous year.[24]

Chapter 10

1982: Another Great Economic Crisis

The Death of Eduardo Frei Montalva

On January 22, 1982, former president Eduardo Frei Montalva died. Subjected first to a supposedly low-risk surgical intervention, his condition worsened after a botched follow-up operation that generated generalized blood poisoning. President Pinochet honored the former president, but Frei's family expressed their annoyance with the initiative, rejecting the admired condolences, considering them to be a provocation and an attempt to gain some political advantage.[1]

At that time, no one spoke seriously of his death being caused by an assault, a theory that only appeared fifteen years later. It led to a brazen, wavering, bungled judicial process that still continued through January 30, 2019, when Judge Alejandro Madrid issued his inconclusive 811-page opinion, based on the alleged poisoning of the former president purportedly by "toxic substances" such as thallium and sulfur mustard. One branch of his family has never wanted any part of these late accusations. Yet the allegations have occupied the front pages of Chilean newspapers on different occasions, such as when a supposed report was said to come out of the University of Ghent in Belgium, confirming the poisoning theory. Its revelations even evoked remarks from La Moneda, then occupied for the first time by Michelle Bachelet, such as "the horror is unending," wherein the president led collective acts of contrition until that same evening. The evening paper *La Segunda* called the University of Ghent and received assurances that it had never issued any report on the matter.[2]

The "horror" lacked any basis. Yet none of the "horrified" people that had appeared on the front pages rectified or explained anything after the university's denial. Later an American expert stated that he

did not find any trace of poison in the ex-president's remains that were submitted to him. But the issue has been the object of political exploitation from time to time and, in the end, when Sebastián Piñera assumed the presidency in 2010, he slavishly offered his influence to facilitate efforts in the United States to corroborate the evidence of poisoning. Part of the Frei family had still been looking to support the "assassination" thesis of the former president.

Finally the Santiago Court of Appeal dismissed any non-surgical reasons of Frei's death.

An Inexplicable Crime

The year 1982 was the most difficult for the military government because it faced an international economic crisis that only lacked in severity to the depression of 1929–1931, and that—as this one—would punish the Chilean economy more than any other. But the year began with a murder that caused, perhaps like no other, irreparable damage to the government's image. On February 27, union leader Tucapel Jiménez Alfaro was murdered at the age of 61. He was affiliated politically with the Radical Party, i.e., of the moderate left.

So moderate he was that he had expressed, when he studied the basics of the *Plan Laboral* of minister Piñera in 1978: "At last the doors have been opened to us… From the start I can say there are three very favorable things: the right to meet collectively, the right to go on strike and the right to finance worker's unions" (Valdivieso, Rafael: "Chronicle of a Rescue", p. 195).

The day of his death Jiménez was driving a taxi that served to supplement his income, after having been dismissed from the Directorate of Industry and Commerce (*DIRINCO*), where he had worked until about 1980. A trio of subjects asked him to drive them to the Noviciado sector of Pudahuel, in northwestern Santiago, where, on a rural road, they proceeded to shoot him five times in the head and slit his throat, leaving the corpse there.

The government expressed alarm at the crime and requested that a visiting minister of the court of appeals be designated to investigate it. He tried for ten years to clarify the facts, which were

very complicated. A subject surnamed Alegría Mundaca emerged, who was an unemployed alcoholic, but a carpenter by trade. He committed suicide after slitting both his wrists, having written a letter confessing to the robbery-homicide of Jiménez. He stated that he did not know who it was and had so much regretted the crime that had decided to take his life.

The interior minister, Sergio Fernández, said that it was "evident that what was happening was doing great political damage to the government."[3] The act did seem, in fact, to be conceived to damage the administration, but in the end it was proved that it was not a maneuver of the opposition. Instead, the perpetrators were found to have been intelligence agents of the Army. In the 1990s, the investigation was taken over by a minister of the court of appeals of Santiago, Sergio Muñoz, who finally broke the case, the result of which could not have been worse for the image of the military government. It was confirmed that he crime had been committed by men sent by the *DINE* (the Army's intelligence service).

In the face of public alarm, the *CNI* (National Information Center) had intervened in such a way that, instead of fixing things, aggravated them. Indeed, their agents committed another crime—that of the alcoholic carpenter—after forcing him to write out his confession for the murder of Jiménez. Suspicions reached the highest levels of the government, including the former vice chief commander of the Army and member of the junta, General Humberto Gordon, who acknowledged his participation, although not as author or manager, but because he had been in charge of the CNI at the time of the assassination. In a document, he took responsibility for concealing the facts. He died shortly after doing so.

The murder of Tucapel Jiménez is one of the most inexplicable self-inflicted injuries that occurred during more than sixteen years of the military government. He was a syndicalist and part of the opposition, no doubt, but he also was most willing to facilitate understandings with the government. He expressed that tendency precisely in an interview with *La Segunda* shortly before being murdered.

The only explanation that could be found would be that the *DINE*, military intelligence, had proven some handling of Jiménez by

foreign trade union bosses in order to boycott Chilean foreign trade. Perhaps they considered doing so to be an act of “treason against the fatherland.” However, no evidence has been found that Jiménez was involved in such a thing.

Until today, among the most difficult to explain occurrences under the military government, the Tucapel Jiménez murder remains the most difficult of all. And no doubt that is why Pinochet’s accusers at the London trial in 1998 highlighted this case so much to incriminate the ex-president. But he was never aware of his people’s participation in the double murder—of Jiménez and Alegría—and always relied on the version he was given, that the latter had perpetrated the murder of the former.

In a visit to the inmates of Punta Peuco, I asked retired major Carlos Herrera (who is serving life sentence for the Tucapel Jiménez murder) who had given him the order. He didn’t tell me but only said, “I don’t think Pinochet knew about it.”

Visit of the President of Uruguay

In August 1981, Gregorio Álvarez was elected president of Uruguay. He later visited our country in April 1982 and was decorated by our government, signing a joint declaration reaffirming respect for international jurisprudence and condemning the use of violence, terrorism, and subversion. In fact, both government leaders expressly emphasized the condemnation of the use of terrorism by some states to intervene in the domestic life of others, i.e., an implicit reference to Cuba, the German Democratic Republic, and the USSR.

At the same time, the military government tried, with success, to strengthen relations with other friendly countries in addition to Uruguay, such as Paraguay and Ecuador. To the Air Force of the first of those countries, the respective national armed branch donated five T–33 training planes from its endowment the previous year.[4]

The Crisis from Without

Chile was still doing very well economically in 1982, when circumstances from abroad hit it hard. First, the oil producing countries raised the price of gasoline, just as they had done in 1973. Doing so generated another crisis like the one that hit Chile so terribly beforehand, having already been quite negatively affected by the disastrous economic policies of the Allende government.

Second, facing double-digit inflation in the United States—which had cost Jimmy Carter his re-election—under the direction of chairman Paul Volcker, the Federal Reserve decided to raise interest rates. The Federal Republic of Germany did the same. The subsequent economic slowdown of those two great powers radiated to the rest of the world. As a result, demand for raw materials or commodities fell, including copper, and the subsequent 30 percent decline in its price decreased foreign exchange earnings and thus pummeled Chilean public finance.

Third, an unfortunate speculation with sugar futures was one of the reasons leading to the bankruptcy of a national “flagship” company, CRAV, which weakened domestic confidence in national entrepreneurship and projected a negative image abroad, making it difficult to borrow funds denominated in foreign currencies.

Fourth, between November 1981 and March 1982, the government resolved to intervene into two medium-sized banks, four small banks, and two financial companies facing imminent insolvency. Doing so struck a new blow to domestic and foreign confidence.

And fifth, perhaps the most severe consequence of all, a knock-out punch to the Chilean economy came from the virtual halt of foreign currency entering the country, which first began to be felt at the end of 1981. If this problem were the only one facing the country, it would alone have been enough to provoke an economic crisis. In 1981, 4.698 billion dollars had entered, 40 percent more than in 1980, which had increased, in turn, 40 percent with respect to 1979. In 1982, that inflow slowed to just 831 million dollars, resulting from the loss of confidence and, in part, from the negative impact of the devaluation that took place in April 1982.

In 1983, succumbing to the negative impacts of devaluation, the inflow declined again, to just 376 million dollars. The success of good economic policies had attracted money to the country. But once confidence was lost, it stopped coming.

Accordingly, here is a fundamental observation: the best thing to have minimized the decrease in capital flows would have been to maintain the exchange rate fixed at 39 pesos per dollar, as it was instituted in 1979. It provided an incentive to borrow in dollars, the injection of which was what the country needed. And the dollar at 39 pesos would not have generated a crisis for debtors in that currency, which worsened under the devaluation. That opinion I can write today (in 2019), where “hindsight is 20/20,” because at the time I was in favor of devaluation. I have always supported a flexible exchange rate, because it is easier to adapt it to changing economic conditions than it is to adapt the whole economy to a fixed exchange rate.

At that time, economist Emilio Sanfuentes said, recognizing that the most part of the costs of the fixed rate had already been payed: “Adjusting everything to the exchange rate is like going from Santiago to Buenos Aires via Australia, South Africa and the Falklands; but when you are already in the Falklands, you should continue to Buenos Aires instead of going back to Santiago first, in order to make the shortest trip by later crossing the Andes.” That is why he, although a supporter of flexible exchange rates, was against devaluing when it occurred.

De Castro’s Rationale

The minister of finance maintained, in his own words, the following sentiment:

> I refused to devalue the peso, but not because I considered the value to which the dollar was fixed a dogma or something like that, but because under the circumstances at the time it was the worst decision. I insisted that what we had to do was to reduce wages, decreasing those found in the public sector by decree, which would drag down the private sector’s. If we managed to reduce salaries by 12% or 13%, the real

> exchange rate would rise without devaluation, allowing us to weather the storm. In fact, they fell by 12% in three years, after the devaluation, and at the cost of a huge social unrest and the bankruptcy of many debtors with dollar-based loans, who succumbed to the exorbitant rise of the dollar in the face of the uncertainties unleashed by the devaluation.
>
> This not only compromised the creditor banks, but also served as a breeding ground for the rebirth of the opposition, which had been reduced to insignificance after the results of the 1980 plebiscite came in.[5]

Sergio de Castro prepared a package of measures that he proposed be utilized to face the crisis. However, he found an unwilling Pinochet on April 16, 1982:

> As soon as we sat down he told me he wanted a free hand to remodel the cabinet. I realized that he was going to begin to give me an explanation, that he did not have to give, because I knew he esteemed me and had always been very kind to me. Thus, I went ahead and said: “Do not worry, Mr. President. I will immediately bring you my resignation.” All this happened in an atmosphere not only of cordiality but of appreciation and mutual respect. Then he told me that he was going to appoint General Luis Danús to the Treasury. It did not seem like a good idea and I made him see: “The coming times are going to be extremely tumultuous, I warned him, and it does not seem reasonable to me that a general in active service receive this charge. He is going to be necessarily discredited and that might negatively affect the Armed Forces. In addition, Lucho Danús, whom I had come to understand very well, would be better left among his own kind. He was not an economist and would not know how to face the adjustment. “Well, he replied, and who would you appoint?” “Sergio de la Cuadra, president of the central bank.” “I concur; offer him the position.”[6]

The replacement took place in two stages, before some indecision of Pinochet, as we will see later. Notwithstanding De Castro’s

counsel, the president appointed Brigadier-General Luis Danús as minister of economics, not the treasury, and it was he who announced the devaluation, which was also opposed by the new minister Sergio de la Cuadra.

The Bad Days…

It was widely speculated that "The Week in Politics" section of *El Mercurio* (April 2, 1982) had been decisive in determining the devaluation. Moreover, following the publication of the article it contained, the editor of the newspaper, Arturo Fontaine Aldunate, had been asked to resign. The "Week in Politics" section expressed, "Things are going wrong. They are dealing with it using unrefined, unsophisticated, and inexperienced men, which causes discouragement among the supporters of the government and puts it in danger of being left without any other backers besides its own brave soldiers." In a matter of days, Arturo Fontaine was asked to resign from the newspaper's management. He provided a precursor to the article in question too:

> Fontaine recalled that at the end of March (1982) he attended a Rotary lunch at the Union Club (in downtown Santiago, next to the La Moneda palace) and met General Pinochet there. "As he left, he came to my table and threw at me that famous phrase: "In Chile not a leaf moves without me knowing about it," and added, "be careful." Then I went to the newspaper and then to a clinic because I had a scheduled operation. Instead of delegating my position, as I should have done, I continued working from home and wrote the famous editorial, "Week in Politics", in which I spoke about the brave soldiers.[7]

Sergio de Castro discarded the notion that that article had something to do with his departure as minister. In fact, the "beware" issued by Pinochet to Fontaine happened before the latter wrote it, which suggests that the possibility of asking for Fontaine's resignation had already been in the works. De Castro stated thus:

> I would say that Agustín (Edwards, owner of *El Mercurio* group) had been looking to get rid of Fontaine for a while,

> because he did not like that Fontaine marched to the beat of his own drummer. If my guess is correct, the dust raised by that editorial gave him the pretext he was looking for. The President greatly esteemed Arturo and shortly after that incident he appointed him as ambassador to Argentina.[8]

Arturo Fontaine also acknowledged some rigidity on his part:

> On the occasion of the famous editorial in which I spoke of the brave soldiers…the President called Agustín Edwards, who came to my house to tell me that what I wrote had to be changed. I told him that I assumed full responsibility. “So,” he told me, “what will you do about it?” I replied that in my opinion what I published would have to be accepted, otherwise I should be thrown out. I said that foolishly, thinking that he could not fire me. That was the funniest part: my momentary vanity.[9]

I personally knew the version of Agustín Edwards and, according to him, the situation was that the director of the newspaper was opposed to (and undermined) the owner’s point of view and, as a result, he was asked to resign. However, he also asked him to postpone his departure for several months so that it would look like a friendly severance. However, Arturo Fontaine indicated that he would rather leave that same day, and did so, provoking widespread surprise in the country and enormous annoyance with respect to Agustín Edwards for “having ‘cast him out’ that way.”

Base Wage Legislation

By enacting Decree No. 18,134, which lowered the base salary or “floor” of union workers participating in collective bargaining, sought purposively by the economic team to prevent higher unemployment during periods of recession (i.e., if the “floor” of any salary lies below the adjusted pay scale, salary increases will be less, and thus fewer layoffs will occur and there will be less unemployment). The union leaders protested because they saw that workers would get less of a salary boost. Even the union leader most supportive of the

government, Guillermo Medina of El Teniente (mine, located east of Rancagua, two hours south of Santiago), maintained that the good results sought through collective bargaining are jeopardized by the aforementioned legislation.

Pinochet received opposition labor leaders, such as Emilio Torres of the Copper Workers Confederation, Manuel Bustos of the National Trade Union Confederation, Federico Mujica of the Confederation of Private Employees, and Juan Millán of the United Workers Front. As a consequence, in January 1983, Decree No. 18,198 was passed, raising the "floor," leaving the base pay as the most recent monthly remuneration received by the worker. That is, a worker could not earn less than before. The objective of the repealed decree was that a reduction in wages would be possible, to avoid increasing unemployment. Thus, the decision was a defeat for the Chicago Boys.

Pinochet yielded: "The unions that want to talk to me one-by-one (personally), can do so through their leaders, as has always happened: the pathway to mutual understanding remains in force."[10] Was it "political common sense," "populism," "fancy footwork" or, perhaps, all the above? The truth is that Pinochet never abandoned that negotiating strategy and in August 1982 kicked-off the Labor Legislation Analysis Conference before 1,200 union leaders. He pointed out the need to shore up dispersed and incoherent labor legislation that previously meant the politicization of labor unions and their leaders.[11]

And then, in mid-September 1982, he announced the creation of the Socioeconomic Council (CES) that would integrate representatives from the government, big business, and workers. Next, he announced union leaders' participation in the formation of the constitutional rules and regulations that would run complementary to that charter, because "democracy should not be created only by some, but rather by all."[12] The following year, Decree No. 18,372 was enacted, welcoming the numerous petitions of trade union leaders.

Changes of Ministers

The issue of the exchange rate was one thing; the financial crisis was another. But the simultaneity of both items aggravated the country's situation, and both added up to a single major problem. The bankruptcy of CRAV happened along with that of a smaller bank and both further eroded the confidence of foreign lenders in the country. Foreign credit had been restricted, with less than one-fourth of the amount arriving in 1982 than the year before, as we saw earlier.

Entrepreneurs who were friends of de Castro asked him for an audience, trying to convince him of the need to devalue the peso. On this point, they confused the fixed exchange rate policy with what was a foreign crisis, along with another issue dealing with foreigners' confidence in the country, which deprived it of securing financing from abroad. Everyone's debts grew with the accumulated high interest, but sales decreased. De Castro was looking for a solution and, as we have already seen, proposed lowering salaries and repealing the automatic readjustment to match the minimum wage for younger and elderly workers. This policy proposal caused a fracture in the cabinet, because the minister of mining, José Piñera, did not agree with eliminating the minimum wage.

Yet de Castro thought that if sales declined further at that price level, the reduction in wages would lower costs and lower prices; thus, people would be able to buy more. Exports would increase, imports would decrease, and more dollars would arrive. However, the idea of lowering salaries was not a popular policy nor was it easy to understand. The junta, of course, did not agree, on account of wanting to maintain its public image. De Castro interpreted the situation as one in which he himself had become an obstacle to adopting wage adjustment measures. When he presented his resignation to the president, we already described what happened.

In fact, when the three of them met, Pinochet, de Castro and de la Cuadra, the latter talked to de Castro as if Pinochet were not present: "What is the point of changing the minister if I am going to apply the same measures as you did?" Then Pinochet agreed...and confirmed de Castro. But a couple of days went by and he retraced

his steps. He accepted the resignation of the latter and named de la Cuadra in his stead.

As a result of de Castro's resignation, interior minister Sergio Fernández, who had teamed up with him, resigned. They had proposed to Pinochet a rectification plan that was not only economic, but political, that would make it possible to shed light on human rights cases such as the *COVEMA* one, which had ended with a student being tortured to death, along with the murder of Tucapel Jiménez. The police, said the plan, must fall under the Interior Ministry, not Defense, thus demanding a complete alteration of those ministries.

Pinochet did not consider the proposal feasible for the experience of that time and place. Fernández then resigned and there was a full ministerial turnover on April 22, 1982. Ten military men and six civilians were sworn in. Not present were Fernández (replaced by his undersecretary, lawyer and retired Air Force general Enrique Montero Marx), de Castro, who was replaced by Sergio de la Cuadra, nor was Kast, who became, in de la Cuadra's stead, president of the Central Bank.

The episode was plagued with inconsistencies: Sergio de Castro felt that he had lost Pinochet's trust and presented his resignation. The president accepted it, but asked him to propose the name of his successor: Sergio de la Cuadra, who was also in favor of maintaining the fixed exchange rate, which spawned the resignation in the first place. The minister of the interior, Sergio Fernández, who had always sided with de Castro, also left the cabinet, but his deputy secretary, Air Force general and lawyer Enrique Montero Marx, who had also sided with Fernández, took over in his stead.

Be that as it may, with de La Cuadra at the Treasury, General Brigadier Hugo Siebert Heldt was sworn in at Public Works and civil engineer and agronomist Jorge Prado Aránguiz at Agriculture—both related to the Chicago Boys line. Furthermore, Pinochet also called on his military collaborators and, as we saw, Brigadier General Luis Danús was appointed as minister of economics, and Brigadier General Gastón Frez as minister and director of Odeplán, the latter being a critic of the Chicago Boys. In Defense, Vice Admiral Patricio Carvajal took over, in Mining specialty lawyer Samuel Lira Ovalle

was appointed, and as general secretary of the government, lawyer Hernán Felipe Errázuriz was given charge.

Note that Pinochet incorporated "his men" in Economics and in *Odeplán* another of the same rank, Gastón Frez, a defender of mining property being owned by the state and, in general, of the state's role. He is the one who had managed to maintain state ownership of the mines in the Constitution, that had been introduced under Allende, which economists regarded as an obstacle for massive foreign investment coming into to the country.

Concessions and Devaluation

Bruno Siebert would be the one who drafted the first decree that authorized the concessions of public works being assigned to private firms, which would end up transforming the infrastructure of the country twenty years later. Thanks to an "alignment of the stars" Siebert would deliver his ministerial role in 1990 to Carlos Hurtado, a man of Aylwin's choosing who was the most pro-market of all his 1990 ministers. He was a "liberal in the Spanish sense of the term," not *liberal*, as in those few center-right men who were opponents of the military government, albeit adhering to its economic ideas.

It would end up being one of the first signs of deepening the "principle of subsidiarity" established in the Constitution. Mining minister José Piñera, had previously promoted a real mining concession right to attract private firms to undertake the extractive activity, otherwise monopolized by the state. In the following years, there would be private participation in telecommunications, in the generation and distribution of electricity, in health care, in the retirement pension system and in steel.

Additionally, with popular capitalism (i.e., the purchase of shares of state-run or nationalized companies using the pension funds from each worker—under advantageous conditions) in just a few years the target would be achieved that "everyone had resources and participation in the economic activities of the country," as Pinochet would say. It was a decisive step in the military revolution toward a more complete establishment of private property and free markets in the country.[13]

After 1990, Hurtado would continue to advance the ideas of Siebert, leaving them ready to be implemented. Later, under the Frei administration (1994–2000), a socialist, Ricardo Lagos, took over the role, but he seemed to have been "born again." He promoted the process of concessions and doing so worked out well for him, resulting in being elected president of the republic, 2000–2006. In that period, the ideas advanced under the military government to cover the country and its capital with concessioned highways were brought to fruition. "This little boy bought a little egg, another cooked it, yet another salted it, and then that big guy ate it." His son, leftist senator Ricardo Lagos Weber, spelled it out precisely: "the best monument to the memory of my father will be the Costanera Norte" (tollway running through downtown Santiago from the coastal highway and international airport to the upper-class areas of the northeast of the city) as he declared years later.

However, in 1982, these welcome consequences from bringing in private initiative were not yet envisaged. Important managers and entrepreneurs would go to prison, or end up being fugitives from justice, by virtue of the charges filed by the financial authority. That entity verified their misconduct, consisting of bank fraud, self-granting of loans, and the formation of companies with the sole purpose of avoiding prohibitions and controls stipulated by banking legislation. The resulting capital losses were large. This negative experience led to an excellent banking legislation that in the next years protected the country from the excesses that deepened the 1982 crisis.

Nevertheless, the changes in the team were not going to be sufficient to overcome the debt crisis, which featured an international make-up and continued its course. Thus, Pinochet made the decision to devalue the peso, to the chagrin of de la Cuadra, with the new economics minister, Luis Danús, announcing that the official parity would rise from thirty-nine to forty-six pesos per dollar, a ratio that would be adjusted down the road according to a progressive scale.

There was a climate of crisis and the governing *Junta* met in special session. It was agreed to reduce remuneration in the public sector by 10 percent for people earning more than one hundred

thousand pesos, and by 20 percent for those whose earnings exceeded one hundred and fifty thousand pesos. That policy even touched the president of the republic, the governing *Junta* and its ministers, undersecretaries, magistrates and principal authorities of the judiciary, the constitutional court, the state council, the corps of generals and admirals, and high-ranking officers of the military institutions.

The highest levels of power had to set an example, and a plan was drawn up to disseminate the principles and consequences of the economic measures adopted by the government. In hindsight, it seems clear enough today that the devaluation did not cure the disease, but aggravated it instead. Even I, having been against the fixed exchange rate in 1982, now consider that I was wrong and de Castro was right, and that we the supporters of devaluation were mistaken. There was going to be a crisis in either case, but with a fixed exchange rate its cost would have been lower than it ended up being by devaluating.

A Free-Floating Exchange Could Not Be Sustained

The desperation of industrial unions grew, and Pinochet listened to all their complaints in his office. They raised their issues regarding indebtedness, market contractions, commercialization of their products, and even their ability to survive in their respective businesses. But he did not have the means to resolve their problems. The country experienced a tremendous contraction, originating from the minimization of the entrance of foreign resources. It was a *shock*, a squeeze that no economy could have withstood without a sharp drop in the living standards of its inhabitants.

As government measures did not restore the confidence necessary to initiate an economic recovery, on August 5, 1982, the “heroic” decision was made to decree a free-floating exchange rate, i.e., to let the price of the dollar float freely according to the law of supply and demand. The president met with representatives of the

national and foreign banks—thirty-eight banks and ten investment houses—receiving clear support from all of them.

But at the end of August 1982, the exchange rate reached 67 pesos to the dollar and the government lacked the courage necessary to persist with the free-floating policy—which required courage even greater than that entailed in sustaining a fixed-exchange one—buckling under the pressure. Instead, it decided to set a bounded range, restricting access to the exchange market.[14]

Daily Devaluations

After the devaluation, the worst forewarnings of de Castro were fulfilled. Summing up the foregoing discussion, the dollar was first set at forty-six pesos, 18 percent higher. That level was more or less expected. But nothing was resolved, and when in August 1982 it was determined to trust the market and the exchange rate was left to float freely, the dollar reached, as just said, 67 pesos. Three days after reaching this ratio the government's "legs trembled" and it suspended the free-floating dollar, moving to a "dirty float" instead. The Central Bank would intervene if the dollar rose too high. Yet there would still be a fixed dollar at 50 pesos, a "lifeline," for debtors with loans denominated in foreign currency.

In October 1982, a so-called "crawling peg" was applied: a daily fixing of the exchange rate set according to the behavior of domestic inflation in relation to international inflation the month before. In October 1982, the dollar hit 66, and would close the year at 74. De la Cuadra gave the banks oxygen through the process of buying the loan portfolio in arrears, i.e., delinquent and unpaid loans. Obviously, this amounted to exchanging bad credit (i.e., the unpaid debt) for a good loan: a promissory note from the Central Bank. Former budget director and Chicago economist, Juan Carlos Méndez, coordinated this program.

The requirements that banks had to meet in order to sell off past-due loans consisted of spreading out larger loans made to a few clients (sometimes companies of the same bank's owners), restructuring that portfolio and not paying any interest and principal until the past due loans were repurchased. The climate of public

opinion had worsened and there was already talk that the liberalizing economic model had led to the state becoming the virtual owner of the banks. Was it merely a new form of socialism? And since the big companies had already had to pledge some of their shares to the banks, it was affirmed that the *de facto* nationalization was even greater than that undertaken during the Popular Unity. Ironically, the free market had led to state socialism! Notwithstanding this inconvenience, along with its crises and its comings and goings, the Chilean model in fact privatized everything in the end. Doing so allowed, at the finale of "the lost decade of Latin America," the 1980s, that Chile would be the first country to recover from that slump. Moreover, it emerged as the economy with the highest per capita income in the region.

Lüders Biminister

Pinochet sought to reenact his 1975 measures, contained in the heroic *Economic Recovery Plan* headed by Jorge Cauas, putting in charge this time another notable economist, Rolf Lüders. He had full powers as a biminister of treasury and Economics. De la Cuadra left the Treasury and Brigadier General Danús left Economics. The new biminister had been a partner of one of the largest troubled economic groups, that of Javier Vial and Banco Hipotecario de Chile (mortgage bank). Pinochet also appointed Chicago economist and academic from the University of Chile, Álvaro Bardón, to be undersecretary of the latter ministry.

In December 1982, the dollar hit 74 pesos, as previously noted, and the Central Bank lost $2.2 billion dollars of its reserves. At the same time, it had injected liquidity into the economy, generating higher inflation. There was no good news from abroad either, since Mexico had defaulted, i.e., ceased to make payments on its foreign debt.

Economic groups were being accused of allowing their banks to lend excessively to their own related companies, without appropriate guarantees. From that point, the aforementioned new banking legislation appeared that—having been studied and enacted by the governing *Junta*—it would end up leading to the post-crisis Chilean

banking system becoming one of the strongest in the world. The country learned from the crisis and came out stronger in the end, even though it had to pay its dues. Indeed, it would face three more difficult years before taking off again.

At the Central Bank, Miguel Kast's resignation as president was accepted, and its new head became Carlos Cáceres, dean of the Valparaíso Business School, and trusted man of former senator and key businessman Pedro Ibáñez Ojeda. Cáceres suspended all exchange-rate freedom, fixing the dollar at 52 pesos and allowing it to vary according to a table that was created by calculating domestic inflation less foreign inflation.

An Urgent Trip to Washington

In the company of the new biminister Lüders, Carlos Cáceres traveled to Washington in order to renegotiate payment of Chile's foreign debt. In the meantime, the judicial action of the superintendent of banking that had negatively affected different holding companies that owned banking entities, had begun to legally threaten Lüders, pertaining to his role as former partner of Javier Vial and the Banco Hipotecario de Chile group. There was a danger that an arrest warrant would be issued for him, as was the case with other bankers. Thus, upon returning from the United States he had to resign.

In many ways, 1982 was the most critical year of the military government. The economic decline had devastating social consequences:

> The military men…were sensitive to unemployment and citizen discontent. The potent economic downturn caused a sharp increase in unemployment that led to disgruntled citizens, confirming the military's fears. In 1982, GDP fell 14.5%, with negative rates even worse in general industry and construction (–21.1% and –23.4%). Official unemployment in 1982 was stated to be 19.6%, although the figure was much higher once one considered emergency employment programs, the minimum employment program (PEM), and the occupational program for heads of household

(POJH), reaching 26.1%; and in 1983 it rose to 26.4% (31.3% if the PEM and the POJH were included).[15]

Important Ecclesiastical Designation

In September 1982, Cardinal Silva Henríquez presented his resignation to the Holy See. Only the following year would Monsignor Juan Francisco Fresno, until then bishop of La Serena, be named as his successor.

> In a tribute offered by union members to the outgoing archbishop cardinal, he reaffirmed his views on the need for ecclesiastical intervention in social, political, and economic matters. Reconciliation has, in his view, its basis in justice, because "the massive inequalities of power and wealth in the world, and often within nations, form a serious obstacle to reconciliation."[16]

The ensuing comment has been attributed to the First Lady, Lucía Hiriart de Pinochet, upon learning of the resignation of Silva Henríquez and the subsequent designation of Fresno: "The Lord has heard our prayers." But Fresno would not delay in getting involved in the political maelstrom, when the impatience of the opponents gave rise to the *National Agreement on the Transition to Democracy*. And that fact would disappoint Mrs. Lucia.

Return of Exiles

It is evident that the government, enveloped in the debt crisis, was trying to give signs of internal harmony that at the same time served to project a new international image. It sought political relief. A commission was formed to study the reentry of people who had fled the country and thus lost their right to live in it. At the end of December 1982, 125 persons were allowed to re-enter.[17]

But then the newly formed commission was dissolved, and the study of the reentry situation was left to the ministries of the Interior and Justice. The government took the opportunity to instruct its ambassador to the United Nations, former career diplomat Manuel

Trucco, to advise the secretary general of the organization about the decision to readmit exiles. Later on, new lists of people authorized to return would appear.

Agreements in Mexico

In the most difficult moments for the government as a result of the crisis, the leftist opposition groups put their Soviet-Cuban support into action in order to impel the subversive armed struggle in Chile. In Havana during February 1982, the president of the foreign committee of the Workers' United Center of Chile (CUT), Mario Navarro, announced that his trade union center "supported the successful decision of the eight parties and movements of the Chilean Left (September 1981) to use all forms and means of struggle, including the armed struggle."[18]

> In a new meeting of the Left at the end of May 1982, also held in Mexico, some apparent divergences were noticed. Of the seven parties attending, the two *MAPU* and the Christian Left (embryos of the so-called *socialist convergence*) were reluctant to bow to the military policy of the Communist Party, although both Orlando Millas (Communist Party) and Clodomiro Almeyda (Socialist Party), in repeated statements from Moscow and communist-controlled Berlin, denied categorically that there was some kind of division in the block. In any case, it was clear that it was rather a kind of division of labor: on the one hand the Communist Party and its closest allies were responsible for the dirty work of the armed struggle; on the other, the feigned "democratic socialists" of the Convergence would play the role of infiltrators in the parties and alliances of the centrist opposition, posing as moderates and supporters of the "peaceful way," which would not prevent them, of course, from participating individually in terrorist organizations promoted and financed by the Communist Party.
>
> At any rate, and in order to clear up some questions, the May meeting in Mexico issued a "call to unity and combat," signed by the Communist Party, the Socialist Party–Almeyda,

> the *MIR* and the Radical Party, the latter being led in Mexico by pro-Soviets Hugo Miranda, Hugo Vigorena, and Anselmo Sule. The document called for “confrontation,” calling for “deepening and developing” the “very different forms of action” and recognizing that Chile has “known how to employ all possible methods, without renouncing any form of struggle;” he warned that it was important to “articulate the legal and semi-legal organization with the clandestine organization” and simultaneously “stimulate the creation of guerrilla forays that may spread throughout the nation.”[19]

The MAPU and the Christian Left had to explain their strategy to their Cuban bosses.

> For this purpose, a few days before the meetings in Mexico, in mid-June, Manuel Piñeiro Losada—Director of the America department of the CC of the communist party of Cuba and head of the Castro-communist subversion in the continent—summoned to his office in Havana the pseudo-dissidents of the communist party’s military policy. Representing the *MAPU*, Óscar Garretón, attended; for the *MAPU*-OC (*“Obrero Campesino”)* the recently readmitted Ismael Llona, and for the Christian Left, Mario Fernández. Apparently, Piñeiro was satisfied with the account rendered.[20]

The Falkland Islands and Chile

Argentina invaded the *Malvinas* or Falkland Islands belonging to the United Kingdom in April 1982. In the midst of the gigantic celebration that took place in Buenos Aires, President Galtieri said that “the first step” had been taken in the recovery of the “Argentine island territories.” For any Chilean, it remained obvious that the proposed *second* step would likely have been a similar action to the detriment of Chilean insular territory, which had long been the ambition of the Argentines to take. The invasion of the Falklands foretold, therefore, as a necessary sequel, a similar islands invasion at Chile’s expense. Galtieri was announcing it publicly. However, Pinochet officially

reiterated his adherence to “the traditional legal and Americanistic inclinations of Argentina and Chile.”[21]

In passing, one of the first victims of that war was the vessel *General Belgrano*, which a year before had sailed for seven hours, insolently and without permission, through southern Chilean waters. A British submarine scuttled it in April 1982.

In fact, our country secretly collaborated with Great Britain with strategic information, secret logistical support, and protection of British aviators taken from a helicopter that landed in Chilean territory near Punta Arenas. They were promptly shipped back to Britain.

Acknowledgments in the sense of the existence of this support were made later by the British foreign minister, Lord Carrington, Prime Minister Margaret Thatcher, and General Fernando Matthei, member of the Chilean governing junta. Margaret Thatcher revealed, during the 1999 convention of her Conservative Party, aware that Pinochet had been imprisoned in London (which angered her), the following:

> President Pinochet was a loyal and true friend of ours at that time of need when Argentina invaded our Falkland Islands. I know. I was Prime Minister then. Under the express instructions of President Pinochet, and assuming considerable risk, Chile provided us with invaluable help. I cannot reveal all the details. But I will mention only one incident. During the war of the Falklands, the Chilean Air Force warned us in advance about some Argentine air strikes, which allowed our naval and air forces to prepare their defense in a timely manner. The enormous value of that intelligence information was confirmed when, one day, almost at the end of the war, the Chilean long-distance radar had to be turned off for some indispensable maintenance. On the same day, Tuesday, June 8, 1982—a date stuck in my heart —Argentine planes attacked and destroyed the cruisers Sir Gallahad and Sir Tristram, inflicting enormous human losses. A total of 250 members of our armed forces lost their lives in the Falklands War. Without the intervention of President

> Pinochet, with certainty, there would have been many more. All the British owe him—and Chile—a huge debt. And how do the British authorities under this Labor government intend to settle that debt? I will tell you. Through collaborating with the judicial abduction of Senator Pinochet.[22]

Relief with Peru and Tension with Bolivia

Obviously Chile did not want its relations with Peru to deteriorate while the Argentinean insular threat had become so ostensible, albeit postponed due to the failure of that country to take the Falklands. President Galtieri had called it, as stated above, “the first step in the recovery of the southern Argentine island territories.” The “second step,” if the first one succeeded, and perhaps even without it, might well have been the invasion of one or more Chilean southern islands. Under those circumstances, the situation in the Chilean north would have played a key role. But in 1982, Peru had a serious border conflict with Ecuador, which led it to seek a rapprochement with Chile and even declare, at the OAS Assembly held on Margarita Island, Venezuela, that said organization had no competence to deal with Bolivia’s maritime aspirations.

On the occasion of the thirtieth anniversary of the Declaration of Santiago, which established the two-hundred-mile exclusive maritime zone, a new opportunity was opened to promote the Chilean-Peruvian mixed commission. Pinochet was able to declare in his message to the nation in 1983 that “the link with the Republic of Peru has been constantly enriched and that the coincidences are increasing.”[23] Bolivia tried to take what it called its “Mediterranean problem” to international forums, proclaiming it to be a matter of “national survival.” Its president, Hernán Siles Suazo, clearly stated that there would be no resumption of relations with Chile until it had obtained its corridor to the sea. But Bolivia already had, in fact, an outlet to the sea, according to the use of facilities it enjoyed in the port of Arica, established according to the Treaty of 1904. Yet it preferred a port under its own sovereignty instead.

Accordingly, at the general assembly of the OAS in November 1982, a draft resolution circulated, prepared by the Bolivian

government, which was unacceptable to Chile. After a harsh exchange between the foreign ministers of both countries, the vote on the floor favored Bolivia. That outcome led Chile to withdraw from the assembly in order not to grant validity to an opinion that was outside the legal competence of the OAS.[24]

Social Spending for Extreme Poverty

It is striking that even in that year of deep crisis and recession, the government was able to deliver fifty thousand new homes to the poor and ten thousand housing subsidies, allocating more than 300 million pesos in the Metropolitan Region for streets, sewer lines, and potable water provision.[25] In particular, it had resolved to eradicate, between March 1983 and July 1983, all the illegal squatter encampments. These were precarious dwellings built on squatter's lands taken *de facto* by the inhabitants at the expense of the owners, with a cost of 750 million pesos.[26] In the same critical year (1982), it was still possible to remove three thousand families from eleven such encampments.[27]

Educational Decentralization

In 1982, the process of transferring public education establishments to the municipalities (started in 1980) continued. The military revolution had taken the initial step of opening higher education to the free initiative of individuals, but it seemed much more complex to do so with respect to primary and secondary education. Municipalization was probably conceived as progress toward partial decentralization.

Minister of Education Alfredo Prieto, who had succeeded Gonzalo Vial, kept the president advised regarding the progress of decentralization. From the end of 1980 through September 1982, the transfer of educational establishments to municipal administrations had reached 80.4 percent. The freest education is the one that is subject to the decisions of each family, giving enough to all those who lack sufficient means so that they are free to choose what they consider to be the best education for their children. The least-free

system is one monopolized by the state. In that sense, municipalization was a step in the right direction.

The Visit of Mother Teresa

During September 1982, Mother Teresa of Calcutta visited the country, the protector of the poorest who especially pitied those who were about to die, having been abandoned by their own. Opponents of the military government expected her to criticize the poverty situation in Chile, but she refused to issue it. Being an Albanian, i.e., a country that had endured communism, she tended to look with sympathy on the administration that had prevented Chile from falling under such a regime. During her stay, she refused to comment on political matters, instead lending quiet support to the work of the First Lady, Lucía Hiriart de Pinochet, for the benefit of the poor, appearing hand-in-hand with her before the national and international press.

The Efforts of Ronald Reagan

There was no doubt that the new US government under Reagan wanted to avoid being a politically destabilizing factor for the Chilean military government, unlike the treatment it received under its predecessor Jimmy Carter. The White House wished to certify that human rights were being upheld in Chile. In July 1982, it sent a delegation to Santiago, headed by the deputy assistant secretary of state for inter-American affairs, Everett Briggs. He attended a seminar sponsored by the Superior Academy of National Security and the United States Embassy. That participation alone had already indicated American goodwill. The visiting officials revealed their government's desire to grant that certification, but required "improvement of the human rights situation."

At the same time, the Chilean internal opponents made efforts to create situations that portrayed the opposite image. The organization of events showing popular disarray and protests were facilitated by the inevitable recessionary crisis that the country was experiencing —recalling that it received less than a quarter of the foreign currency resources in 1982 than had come in 1981.

The “Letelier case” continued to thrash the Chilean government, despite the fact that the president and the junta had no responsibility for it. The American press, very skewed in favor of the Chilean center-left, magnified any other negative events. Accordingly, the government had to choose between letting lawlessness rule the streets or repressing it. If it chose the latter, it would be accused of “trampling human rights.” If not, the climate of violence would show it as being inept or incapable of guaranteeing governability. That “Catch-22” would be a permanent predicament in times to come, just as it had been in the past.

Annual Economic Balance

The economic figures at the end of 1982 were merciless: GDP fell 13.6 percent (a figure from the Central Bank, although we have seen in this chapter that another author stated that the decline was even greater). The country’s unemployment rate reached 15.4 percent, doubling over the previous year in greater Santiago to 22.1 percent (the same aforementioned author placed the figure even higher). Moreover, inflation also more than doubled to 20.7 percent, as measured by annual CPI. The rate of investment (i.e., gross formation of fixed capital) fell to 13.7 percent of GDP. After three years of fiscal surplus, a deficit emerged, representing 2.3 percent of GDP.

In other words, the crisis and devaluation had unleashed stagflation in the country: unemployment coupled with higher inflation. It was the worst of both worlds. The consolation prize was that devaluation improved the trade balance, which showed a positive balance of 62.4 million dollars. This positive balance would continue uninterrupted during the rest of the military administration.

The current account of the balance of payments reduced its deficit to less than one-half of that of the previous fiscal year: –2,304.3 million dollars. The balance sheet’s capital account decreased its surplus to 2,379.8 million dollars. External debt continued to rise, reaching 17,153 million dollars. The bottom line of the balance of payments was negative for the first time in seven years, standing at –1.165 billion dollars.[28] Gross international reserves at the Central

Bank fell to 2,735.4 million dollars, a decrease of 1,039.9 million dollars over the previous year.[29]

Chapter 11

1983: Painful Convalescence

Support from Nonaligned Countries for Bolivian Aspirations

Together with the domestic crisis of economic and financial origin, the problem of the negative international image of the country was aggravated, indeed exacerbated, since September 11, 1973, by a massive world campaign promoted by the Soviet KGB. Taking advantage of this deterioration, in a meeting of nonaligned countries in Nicaragua during January 1983, Bolivia obtained clear, "categorical support" for its maritime claim, which it subsequently aspired to turn into a multilateral problem. The agreement of the nonaligned countries was pronounced to support "a direct and useful exit to the Pacific Ocean with full sovereignty."[1]

The following year, Chile would arrange to hold diplomatic meetings with the neighboring country that would lead to some compromise, but the attempt would once again fail when the issue of being landlocked was raised by Bolivia in the UN. In February 1983, Chilean foreign minister René Rojas Galdames resigned amid reports that a restructuring of the Foreign Ministry was taking place, and the new minister, lawyer Miguel Alex Schweitzer, son of criminal lawyer and former justice minister Miguel Schweitzer Speisky, was sworn in his stead.

Intervention into the Banking Industry

The economic situation was quite desperate, but the financial problem created by the banking crisis was even bigger. The studious president of the Central Bank, Carlos Cáceres, who would soon go on to take the role of finance (treasury) minister, worked intensely to find a solution. By October 1982, he had realized that the level of

external indebtedness for many of the banks was unsustainable. Cáceres talked with the International Monetary Fund (IMF), hoping to find support for some renegotiation. Many Chileans said that if those who are in trouble were simply private debtors, it was their problem; the government should worry only about foreign debt owed by the public sector, which was manageable. But foreign creditors defended the thesis that if the government did not support private foreign debt, there would be no possibility of renegotiation.

Cáceres understood the scope of the problem and had already warned in October 1982 that there was only one solution: the state should back the private banks in the international renegotiation. However, bank owners could not be the beneficiaries but instead must use stock as collateral. In simple words, the banks could be saved, but they would no longer have the same owners. In this predicament, the government takeover of banking on January 13, 1983, was undertaken. On the tenth, an agreement was signed with the IMF, opening the possibility of obtaining compensatory credit of 295 million special drawing rights (SDR), plus another one for 500 million SDR in stand by (support), all in exchange for the government adopting restrictive monetary and credit policies.

Three days later, finance minister Rolf Lüders spoke on national television, criticizing Chilean debtors—economic groups in particular—and announcing the state's intervention into the financial system. Three institutions were declared to be subjects of liquidation: Banco Unido de Fomento (United Development Bank), chaired by former economics minister Pablo Baraona; Banco Hipotecario de Chile (Chilean mortgage bank), "flagship" of the Javier Vial group, of which Lüders was a partner; and Financiera CIGA (CIGA financial), belonging to the Marín group. But the main takeover would occur with the two largest private banks: Banco de Chile, which was controlled by Javier Vial; and Banco de Santiago, controlled by Manuel Cruzat and Fernando Larraín, and presided over by former finance minister Jorge Cauas.

They were joined by the financial firm National Securities Dealers, part of the Cruzat-Larraín group, along with Banco de Concepción, chaired by an economist with Christian Democrat leanings, José Luis Zavala, and Banco International, linked to resident Jewish

community.[2] A partial takeover was suffered by Banco Nacional, headed by entrepreneur Francisco Javier Errázuriz (who would be a presidential candidate in 1989) and BHIF—Banco Hipotecario y de Fomento (mortgage and development bank). The share value of Banco de Chile, a safe and traditional refuge for the country's largest fortunes, collapsed on the stock exchange from fifty pesos to less than two pesos during that time, with a huge loss of assets. The fact that its main controller had gone to jail did not serve as consolation to the traditional families that were important shareholders.

Other bankers, such as the controllers of the Banco de Talca, had to endure judicial prosecutions for crimes related to breaching the banking law. Its last manager, economist Sebastián Piñera (Chilean president, 2010–2014 and 2018–2022), remained at large for twenty-three days, but he had better luck than his associates in other companies that had obtained loans from their bank to buy shares of the same bank—actions punishable by imprisonment. Piñera had high-ranking backers and his appeal before the Supreme Court was affirmed, after having been rejected by the Appeals Court. Thus, he was allowed to reappear in the public light.[3] A quarter of a century later, he would be the presidential candidate defeated by Michelle Bachelet in 2006 and then twice president of the republic, defeating Eduardo Frei Ruiz Tagle on January 17, 2010, and Alejandro Guillier on December 17, 2017. However, he will always continue to be dogged for his mismanagement at Banco de Talca, which one scholarly writer—an expert in the case—says has been dismissed without the criminal issue being resolved.[4]

Alarm Followed by Reassurance

The president interrupted his summer vacation on January 17, 1983, after the banking takeover had taken place and perceiving the midst of a climate in which many called for "punishing the culprits of the crisis," i.e., a search for "scapegoats." After a meeting with the economic team, he instructed the state's defense counselors to initiate actions against those responsible for anomalies, irregularities or violations of the law within those banking and financial institutions that were taken over and sold off.

In fact, the international bankers announced that there would be no new loans if the government did not back the private foreign debt. Without new credits—new money—there would be no support from the International Monetary Fund, the World Bank, or the Inter-American Development Bank. Without their backing, the country would never emerge from the crisis. With that backing, in fact, Chile became the first country in Latin America to get out of the crisis.

Minister Lüders and central bank president Carlos Cáceres then traveled to Washington to reassure the foreign creditors. But upon the return of the first man, his situation, as a former partner and, at one point, head of the now taken-over Javier Vial group, became untenable and he was asked to resign as minister of economics and finance (treasury). Cáceres himself was asked to resign as president of the Central Bank, but was soon appointed as finance (treasury) minister, replacing Lüders. In Economics, entrepreneur Manuel Martin was designated, as an oracle of things to come (wherein Pinochet was quick on his feet). Martin was a personal friend of the president and long-time dissenting voice against the Chicago Boys. He had served as adviser to Radical Party economist Luis Escobar Cerda, former economy minister during President Jorge Alessandri's last term (1958–1964).

Poking One's Head Out of the Water

Cáceres spoke frankly to the country on March 22, 1983. His measures included: (1) a temporary increase in tariffs from 10 percent to 20 percent (consequences: lower demand for dollars and increase in taxes collected); (2) a renegotiation of foreign debt (consequence: greater availability of foreign currency exchange); (3) a renegotiated payment terms on 30 percent of the debt, provided that the total in each case did not exceed $25 million pesos (consequence: relief for small and medium debtors); (4) a program to sell the stock of new housing (to reactivate construction); (5) devaluation of the peso according to the inflation adjustment (already in force); (6) putting an end to the market for currency traders on the street (consequence: image improvement); and (7) a tax increase to finance the emergency employment plan (consequence:

redistribution of income). Nevertheless, the president of the Manufacturing Development Corporation, Ernesto Ayala, said that the industrial sector “could not see how many companies could possibly endure that scheme” riddled by state takeovers.

At the root of it all, the president of the republic announced a vast program of technical and credit assistance for the benefit of small- and medium-size businesses, thereby enabling their recovery and distorting the design of any takeover schemes in that sector. The “model” was not in danger. He reaffirmed those concepts in his speech on March 11, 1983, commemorating the second anniversary of his assumption of presidential authority, where he gave account of the good evaluation that the International Monetary Fund made with regard to the Chilean economy and reaffirmed his fidelity to maintaining a social market economy “of mixed character, open, and pragmatic.”

He announced that the country would enter a recovery process “through an economic emergency program, coherent, comprehensive, and austere, falling under the responsibility of the economic sector and led by the Finance (Treasury) Minister. The objectives were: absorption of unemployment, increasing exports, generation of resources to finance foreign debt, increasing reserves in foreign currencies, and promotion of productive domestic sectors. In addition, a high-level commission would study economic legislation in order to avoid the occurrence of crises such as the one that made intervention in January 1983 necessary.”[5] The new finance (treasury) minister, Carlos Cáceres, who replaced Rolf Lüders, believed that “the measures gave at least the feeling that there was a possible way to achieve our objectives, that there was a reasonable way out.”[6]

A Critical Voice and the Credit Crunch

Former finance minister Sergio de Castro showed his disagreement with the bank takeovers in January 1983 by means of a written memorandum that he sent to President Pinochet:

> Summing up, I pointed out that, in my opinion, we had to wait for some companies to go bankrupt because they were unable to repay their debts to the banks, thus creating an impossibility for the banks to repay foreign creditors. When those banks demanded repayment, only then intervene. It is one thing to bail them out to save them from a bad situation, but quite another if such intervention creates one, as had happened. I had no doubt that if the government intervened it would have to bear all the costs and, in my opinion, the costs should have been shouldered by the foreign banks that had risked their capital by lending to the private sector without appropriate guarantees and charging good interest rate differentials. I told him that for no reason was it necessary to intervene without having the banking companies go bankrupt first, because by intervening prior the state was going to have to assume debt that it did not have to. I do not know what happened with that memorandum, but it is clear that President Pinochet did not pay any attention to me, just like when I had previously told him that he should not devalue the peso.[7]

Meanwhile, the legislative arm of the government, the junta, analyzed some new banking legislation, restricting the powers of the bank's shareholders to lend money to themselves and establishing modern controls to timely warn of any bank decapitalization. In this case, the Chinese definition of the concept of "crisis" was validated, wherein two symbols are written—one for "danger" and another for "opportunity." Accordingly, the financial crisis generated banking reform, making banking more orderly and more reliable, which were essential for Chile to be able to emerge from the crisis.

The Political Cost

Nevertheless, what happened did not come free of charge—at least in terms of the prestige of the Chicago Boys. On the contrary, they were fingered as responsible for the crisis, as the excesses of indebtedness and the irregularities detected in the banks were attributed to their policies rather than to the bankers' misconduct in

making loans (in particular, making loans to the owners themselves). Pinochet was aware of that fact and, consequently he did not abandon the economic model. Along with having Carlos Cáceres at the Treasury and Andrés Passicot in Economics, both orthodox, he appointed the first two “whistleblowers” who accompanied him to Washington, Luis Escobar Cerda and Manuel Martin. The latter, as previously noted, was a businessman and his personal friend.

Lawyer Hernán Felipe Errázuriz was appointed as president of the Central Bank, but he was not the one who accompanied Cáceres to Washington to deal with the foreign creditors, but rather the aforementioned Manuel Martín and Luis Escobar Cerda. Escobar had been Jorge Alessandri’s Economy minister in 1961, when he had to fall back from his free-market and fixed-exchange-rate policies in place during those years, given his need to obtain support from the Radical Party in Congress, and thus not lose “the one-third of the congressional votes” that allowed him to sustain his veto of irksome bills—such as the ones promoted by his socialist, communist, and Christian democratic opponents. It was said that Martín and Escobar were the *angels* of “Charlie” Cáceres, who skillfully arranged the advice of Jorge Schneider in New York, an outstanding Chilean economist with a similar point of view—while being a long-time resident of the United States—who helped him in his preliminary talks with the American bankers.

Ecclesiastical Intervention

Ecclesiastical intervention into the political affairs did not contribute to domestic harmony. A mass “for peace” was celebrated by both the Apostolic Nuncio, Monsignor Angelo Sodano, always respectful of governmental authority, along with Chilean prelates who were well-known to be adversaries of the administration. Afterward, Monsignores Jorge Hourton and Manuel Camilo Vial raised criticisms against the government and, among other detractors, Cardinal Silva Henríquez defended “the action of the church to judge current events.”

Yet some did so beyond what the government considered acceptable and, derived from that fact, it expelled three American

priests, McGillicudy, McMahon and Ford, who were considered to be involved in political activism. The permanent committee of the episcopate protested, but the official newspaper *La Nación* replied that “if the church wants peace, the government does, too,” but it must preserve “a healthy climate of coexistence.”

Shortly thereafter, priests Pablo Fontaine, a Chilean and brother of the former director of *El Mercurio*, Arturo Fontaine, along with American Jeremiah Francis Healy, were arrested in the middle of a public disorder. They were released afterward. Even worse, the book *Ven y Verás* (“Come and You Will See”), published by the archdiocese, contained paragraphs that Justice Minister Mónica Madariaga considered to be “contrary to national security and even constituted treason against the homeland.”[8]

First Day of Protest

On March 13, 1983, communist leaders met in Melipilla (thirty minutes west of Santiago) to finalize the details of what would become the “first national day of protest,” set for the twenty-fourth of that month. It was convened by the Metropolitan Coordinator of Slum-Dwellers, a body manipulated by the Communist Party.

Such an outing was known to be a combination of diverse protests in the main cities of the country, with a clear predominance of violent actions, such as the use of destructive and incendiary bombs, burning of city buses, destruction of property, “mobilization of commandos of self-defense,” confrontations with the police, erecting burning barricades, etc.

The Communist Party was decidedly satisfied and excited about the success of their planned protest. A few days later, on March 30, it issued a document, *Enough Is Enough: Democracy Now*, where it affirmed that 1983 “must be a year of decisive battles for the overthrow of Pinochet. Never before had there been more favorable conditions for it.” Fulfilling the logic of their militant policy, the communists taught—without faltering—that “protest” must be expressed by the most varied actions and through utilizing different forms of combat. “Do not give a single quiet day to the tyrant and his servants. Whether in the factories, in the countryside, in schools, or

in towns, the confrontation with the dictatorship must be organized." All this required "more energy and audacity in the combat promulgated by the masses," even calling for murder by beckoning for the execution of "exemplary actions against the agents and collaborators of the repressive apparatus," i.e., security officers, the investigative police, and the carabineros. Moreover, the Communist Party added, "We call for mustering the use of any and all forms of struggle...resorting to everything." According to these instructions, future protest days would be arranged.[9]

Union Pressure

Since 1990, Chilean history has been rewritten and the period of the military revolution is presented as one in which leftist trade unionists —i.e., almost all the trade unionists—lived in a climate of terror. However, the truth was that in January 1983—proving the opposite of what is held post–1990—the dissident leaders, belonging to the National Association of Fiscal Employees (*ANEF*), the Democratic Union of Workers (*UDT*), the Workers Unity Front (*FUT*), and the National Trade Union Confederation (*CNS*), delivered to Pinochet a brazen document—signed by 1,197 of them—demanding "a citizen pronouncement through a referendum—secret and well-informed—whether the current administration should continue or not."[10]

Also, apart from the pressure unleashed against the government by politicians, seizing the opportunity generated by the economic crisis, emerged a new union leader—head of copper miners'—Rodolfo Seguel. His tendencies were Christian democratic, with a moderate tone, yet he issued terrible threats, like one where he said that he was going to paralyze the country every month until the administration fell. And yet nothing happened to him. The first work stoppage took place on May 11.

On that date, both the fear of the government's reaction and the crime unleashed by extremists who took advantage of the opportunity to commit uncontrolled excesses went into effect. The day started with a certain normality, but by the afternoon the collective transportation services began to withdraw their vehicles from service due to the aggression of the extremists. Damage to the

electrical network darkened the city. In the end, two were killed and twenty-nine wounded, of which eleven were *carabineros*. This revealed that the aggression was on purpose and targeted the police.

It was the largest manifestation of the opposition's street force in ten years. The new leader, who was already heralded in the international press as "the Chilean Walesa," Rodolfo Seguel, was clear: "The protest has started and copper production will end; and I am the chairman of the committee; we will neither be bothered if someone departs or arrives; if he draws nearer, much better."[11] Seguel was subsequently and defiantly decorated by the Venezuelan ambassador with the medal of the May 1 order, along with the toughest opposition unionist of that time, Eduardo Ríos, who—despite his extremism—maintained good ties with the US labor federation, AFL-CIO.[12]

The First "Taking" Since 1973

"To all this, and as it was beginning to be normal," wrote an expert on communist terrorism, "the United States still did not understand anything about the militant policy of the Communist Party, and it is even doubtful that they had even ever heard of it. Elliot Abrams, Deputy Secretary of State for Humanitarian Affairs, informed by his disoriented (or pre-oriented) State Department analysts, blamed the Chilean government for the communist terrorism, declaring on October 21, 1983, that it "deplored police violence during the recent demonstrations of protest."[13]

> Did they want to replace a pro-American government with an anti-American one, as they did in the 1960s and 1970s in South Vietnam and then in Iran? During the Cold War, a "tacit alliance" between communism and the US State Department bureaucracy was spawned sporadically, albeit frequently spawned by the cunning of the former and the leftist naiveté of the latter's bureaucrats.
>
> The same day that Abrams formulated his disoriented warning…"communist leader Maria Maluenda threatened the

(Chilean) authorities, warning that possible evictions from the camps *Monsignor Fresno* and *Cardenal Silva* could occur" [author's note: observe the communists' ability to christen their squatter settlements with names of catholic prelates], and "will likely result in bloody consequences."

The blackmail was explicable, because these new slums constituted important strategic bases within the framework of the Communist Party's militant policy. Communist leader Eduardo Valencia, who formed those slums on September 22nd, had declared that such action developing a front among the masses "was the first triumph during this regime, because we managed to remain squatted in those slums and caused a political event." The logistical efficiency of this operation must be emphasized: it was the first intercommunal squatter's "taking" since 1973, and it included the participation of more than fifty slums registered in the municipalities of La Granja, San Miguel, San Bernardo, and La Cisterna.[14]

Politicians Take Their Stands

In 1983 the opposition controlled, paradoxically, a majority of the media, although that fact was not reflected in its circulation. Taken in isolation, each news source was insignificant, but their front pages were widely displayed on sale at the kiosks and thus created a certain public image. All of them strongly criticized the government: *Apsi*, *Análisis* (analysis), *Cauce* (causeway), *Hoy* (today), *La Bicicleta* (the bicycle), *El Quebrantahuesos* (the bone breaker) and other publications, whose scent was easy to follow, were receiving subsidies from somewhere else.

Indeed, selling copies and ads would not have been enough for those media to subsist. Congruently, after 1990, they disappeared. "Some party" simply considered it no longer necessary to subsidize them, having finally gotten rid of the military government. While full freedom of the Chilean press was lacking during the 1980s, there was still partial freedom.

In the face of a virulent attack by *Apsi*, the administration suspended that publication based on the powers conferred on it by transitory article 24 of the Constitution. But the media resorted to a plea for protection before the Supreme Court, which fell in its favor. The court argued that the ample, exceptional powers granted by transitory Article 24 must not prevent the free flow of information. Therefore, just what was the substance of the fabricated (post-1990) idea that the courts were subjected to the government? The very idea merely remains as another "truth after-the-fact."[15]

In February 1983, a group of politicians and union leaders organized the National Development Project (PRODEN) and demanded to move up the planned election of a "constituent congress." They accepted the validity of the current Constitution, while generously offering Pinochet and the junta to remain at their posts for two more years, i.e., until 1985. Nevertheless, they could not prevent the former from rejecting their offer and scolding them: "I hereby notify those politicians anxious to regain power that we will not tolerate placing new conditions on, or limiting the exercise of, authority beyond what is established by the legitimately approved constitutional text."[16]

However, the Christian Democratic Party remained active and sought to unite the factions of the right-wing, originally being supporters of the administration but later becoming fearful of their future, even as the very date that the latter had contemplated to relinquish its power was inexorably approaching. Consequently, the Christian Democrats had managed to attract some groups within the National Party, others from the self-styled, but not legally constituted, Republican Party, and the layman's center of the Radical Party and the Social Democrats. On March 14, 1983, the so-called multi-party was formed, which issued a *Democratic Manifesto* wherein it demanded, nothing more and nothing less, than Pinochet's departure as the basis for a national consensus and a change of administration.[17]

The socialists, being distrustful, formed a committee of socialist coordination, in which they integrated eight of their tendencies, excluding only *almeydismo* (the fatherhood of nonrenewed socialism),

which was frankly revolutionary and thus a decided “bosom buddy” of the communists. That committee gave way to another, the Political Committee for Unity, and it finally ended up, on a legal level, as part of the Constitutional Studies Group, which would become better known as the *Group of 24*.

Opponents of the Right

Surprisingly, rightist figures were incorporated to the Group of 24, such as former president of the Conservative Party, Héctor Correa Letelier; former parliamentarian and former ambassador of Jorge Alessandri, Víctor Santa Cruz, and former conservative congressional representative Julio Subercaseaux. In addition to the 24, others melded into the group, such as National Party leader, former senator Francisco Bulnes, who was Peruvian ambassador of the military administration and later adviser to the foreign ministry; Pedro Correa and Armando Jaramillo, both classical liberals and the latter a former congressional representative.

Prominent representatives subscribing to the *Democratic Manifesto* also appeared from various political parties: Christian Democrats, Social Democrats, Radicals, Republican Right, Popular Socialist Union, and Carlos Briones (Allende’s last interior minister) Socialists. They distanced themselves clearly from unaligned or unrenewed communism and socialism. They sought to “promote the dialogue, participation, and agreements necessary to achieve, as soon as possible, the establishment of a democratic regime.”[18]

The *Democratic Manifesto* became the *Democratic Alliance* during the “protests” of 1983, when men from the socialist bloc were incorporated and was further reinvigorated when Carlos Briones, Ricardo Núñez, and Jorge Arrate became Secretaries General, successively. Núñez affirmed that the Alliance was “a project under construction.”

Nevertheless, the socialist bloc was not entirely embedded in the *Democratic Alliance*: the *MAPU* (*Movimiento de Acción Popular Unitaria*), its subdivision the “worker-peasant *MAPU”*, the Christian Left, and the Socialist Convergence, remained without. Some of the names of important political activists left out were: Ricardo Núñez

and Akim Soto for the Briones Socialists; Guillermo del Valle and Rodrigo González for the *MAPU*; Enrique Correa, Jaime Estévez and Jorge Molina for the *MAPU* workers-peasants; Pedro Felipe Ramírez and Sergio Aguiló for the Christian Left; Tomás Moulian and Manuel Antonio Garretón for the Socialist Convergence. After 1990 they all ended up in the Socialist Party and its subdivision, *PPD (Popular Democratic Party)*.

But in September 1983, another group, the Popular Democratic Movement (*MDP*), formed by the Communist Party, the Socialist Party of Almeyda (discontinued), the *MIR*, the *MAPU* workers-peasants Unit and the Unitary Socialist Party. What separated them from the previous ones? Violence: "All forms of struggle against dictatorial regimes are legitimate…the people, unable to express themselves peacefully and to obtain satisfaction of their needs, feel induced to respond to oppression with violence."[19]

Mainly at the request of Jaime Guzmán, an appeal was presented before the Courts of Justice requesting a declaration of unconstitutionality of the MDP. Profusely documented, it gave origin to a book with all the antecedents on which it was based. The appeal was accepted, because the old article 8 of the Constitution, now modified, protected the institutionalism of the organizations that were then being organized to destroy it permitted the declaration of unconstitutionality.

Nonetheless, the ensuing declaration of unconstitutionality did not deprive the MDP of its ability to practice violence. The exercise of this privilege did not alter the course of the transition established in the transitory provisions of the Constitution, which were carried out to the letter, without prejudice to the later reforms agreed upon and approved in 1989, according to the articles of the Constitution itself.

Management of Foreign Debt

In the meantime, the US director for the Western Hemisphere, Edward Weismer, along with the executive director for the United States at the International Development Bank, and its president, Antonio Ortiz Mena, came to the country. Ortiz agreed that Chile's problems were not exclusive to the country, but rather worldwide. He

thus signed a credit agreement for 280 million dollars in order to facilitate roadway, potable water, and sewage infrastructure projects.[20]

Harry Taylor, president of the Manufacturers Hannover Trust Company, paid a mid-year visit to the country. He headed the national debt negotiation committee. The government was, in fact, as noted earlier, extorted by international banks. Despite the fact that it was made clear that private foreign debt was not legally the state's responsibility but should instead be the responsibility of those who granted loans to without sufficient guarantees, the international banking community still threatened to cut off all credit to Chile. Through "kind words that anybody can understand," the state cosigned for private foreign debt. Taylor's visit resulted in a new credit of 780 million dollars, accompanied by some encouraging words: "You are clearly not isolated in terms of your global participation."[21]

It was not only about obtaining new loans, but also about renegotiating old ones and obtaining the facilities to pay them. To this end, Decree No. 18,233 (July 22, 1983) was issued, authorizing the president to give guarantees and to obtain credits for a total of 7.7 billion dollars over the ensuing two years. Three successive other decrees granted it the power to confer a state guarantee for loan obligations assumed by the Central Bank and to renegotiate them.

Minister Cáceres informed the country and the junta about the situation, but the following week Pinochet received another report from economics minister Manuel Martin, who was also his business friend, in conjunction with Luis Escobar Cerda, who was a Radical Party economist and former minister under Alessandri, criticizing the efforts of the Chilean representatives before the International Monetary Fund and pointing out that "the negotiations have been disastrous for the country and the conditions accepted by the Finance (Treasury) Minister would impede development spurred by reactivation."[22] But in January 1984, Pinochet again backed Cáceres' negotiations, although he would later rescind that support and

instead appoint Escobar Cerda himself. Doing such things entailed what he himself sometimes called “fancy footwork.”

Terrorism Attacks: A Regional Governor’s Murder

In 1983, the policy of the communist leaders Luis Corvalán, Gladys Marín, Volodia Teitelboim and Orlando Millas, made public in Chile, were confessed in the memoirs of the latter:

> We met in Moscow in 1974, members of the Political Committee of the Party in exile, i.e., section heads Gladys Marín, Volodia Teitelboim, and me, along with substitute Manuel Cantero… It was on that occasion that I learned of the agreement that leaders of the respective parties who had arrived in Havana, so that contingents of Chilean communist party members were admitted as students at the Cuban Military School… Later I met the boys, the cream of the crop of our people with superlative personal qualities. We had recruited the best of the best of the new generation in exile for this task… A bitter aftertaste made me feel that we led them to be snuffed out in Chile while participating in impossible battles… In the course of their exploits, they emerged, with different tension levels and distinct criteria; but those who had the least right to criticize them were the ones who assumed the daunting responsibility of proposing to them, as adolescents, that the worthy path for the cause of their people should be traveled by wielding arms.[23]

The fact was that there were violent incursions employing explosives that left extensive parts of the territory in darkness, revealing that the assailants had very professional methods and preparation.

Furthermore, during 1983, the MIR had already committed a triple murder: on August 30, it ambushed the car of the Mayor of Santiago, General Carol Urzúa, who enjoyed widespread appreciation for his chivalry and moderation. *MIR* terrorists riddled his car with bullets, also killing two of his bodyguards, whose corpses laid in the street.

One of them, who was only wounded initially, was finished off by the terrorists. Hours later, the authors of the crime asked for and obtained asylum inside the Apostolic nunciature and, after many years, finally obtained impunity thanks to the generalized pardons or commutations of sentences of imprisonment for exile (and guaranteed work in Europe) that Patricio Aylwin doled out to them after 1990. The four *miristas* responsible for the murders were Jaime Yovanovic, José Aguilera, Elba Duarte, and Pamela Cordero. They took refuge in the Apostolic nunciature and finally left the country with impunity.[24]

The Illegal Reprisals

The reprisals, unfortunately illegal, could not be contained for long. A week later, on September 7, 1983, an unidentified group, supposedly made up of intelligence agents acting on their own accord, used a machine gun to attack a *MIR* "safe house" located at Calle Fuenteovejuna 1330, Las Condes, in northeastern Santiago. Killed were Arturo Villavela, a terrorist formerly imprisoned in 1974, who managed then to commute his sentence by opting for voluntary exile in Europe (after serving only part of his sentence)—and returning afterward by means of the extreme Left Operation Return, in order to resume his terrorist activities—plus another man and a woman, Sergio Peña Díaz and Lucía Vergara Valenzuela, also MIR militants.

In 2018, thirty-five years later, twenty Army personnel were sentenced for those deaths, fifteen years and one day was given to a brigadier who was already imprisoned in Punta Peuco. Two others, also prisoners there, ten years and one day. Finally, two more received the same penalty, which had been free previously. The remaining ex-uniformed personnel received three years and one day in prison. The families of the *miristas* were compensated by a payment of 335 million pesos.

The same vehicle that sprayed the safe house on Fuenteovejuna, afterward headed toward Quinta Normal, where a house located at Calle Janequeo 5707 was machine-gunned, too. Two men were killed, among them Argentine terrorist Ratier. As we have seen, the perpetrators of these criminal reprisals were not able to muster, after

1990, a pardon with commutation of their prison terms by exile to Europe with guaranteed work awaiting them. Such privileges were only offered to leftists who were condemned for bloody crimes, which Aylwin had promised not to pardon.

Nevertheless, the reprisal did have some consequences. Historian Gonzalo Vial wrote: “The *MIR* of Santiago perished on September 7. It would no longer threaten the stability of the government.”[25] However, the communist *FPMR* would take its place.

Recognition of the STASI

American researcher John Koehler studied the archives of the Ministry of State Security (STASI) of the German Democratic Republic (communist East Germany) and wrote the book by the same name, STASI, where he said:

> Left-wing urban guerrilla groups imposed a reign of terror in Chile during 1983 with bombings and assassinations—exactly the kind of actions for which the STASI had trained them. Bombs exploded in Santiago, Viña del Mar, Quilpué, Concepción and Talca, damaging supermarkets, buses, government offices and four stores in the largest commercial center of Santiago. Between 1983 and 1986, more than a thousand bombs exploded, all of them attributed to the Communist Front and to the Revolutionary Movement, which were also blamed for killing twenty-one officers and policemen. Between 1984 and 1988 the East Germans contributed US$6,795,015 to the Communist Party of Chile to finance terrorism.

Koehler’s references to the “Communist Front” are to the FPMR, and the one alluding to the “Revolutionary Movement” referred to the MIR.[26]

Later, in 1986, the main newspapers of Santiago published the photographs of forty-seven military men, police officers, and security agents killed between 1978 (the year of the Amnesty Law) and 1986 by leftist terrorism, among whom were the twenty-one referred to by Koehler in his book, along with the lesser details of the attacks of

which they were victims and of the corresponding judicial processes. The insertion was paid by an entity related to the military government, CORPAZ.

In 2016, on the occasion of the anniversary of September 11, supporters of the military government wanted to reproduce the publications of 1986 giving account of those men fallen at the hands of extreme Left terrorism, but the two main Chilean newspapers *El Mercurio* and *La Tercera* required that part of the texts be censored, despite the fact that they had appeared in the 1986 editions of the same papers. Finally, the partially censored notice was published, but only in *La Tercera*. As a result, its leftist journalists issued a protest against the newspaper's directorate because of the publication, despite the fact that it had come out as a high-priced ad. The following year, on September 11, 2017, another commemorative publication of that date, made by the same supporters of the military government, only appeared in *El Mercurio*. In *La Tercera*, the replay attempt did not come to fruition.

The New Institutionalism Advances

Nonetheless, neither the economic-financial crisis nor the outbursts of armed violence altered the administration's will to leave its new democratic institutions in place. Hence, in March 1983, interior minister Enrique Montero, on behalf of the president, created a commission of the organic constitutional laws[1] that would complement the functioning of the permanent articles of the 1980 Constitution.

The former interior minister Sergio Fernández presided over it, and lawyers Raúl Bertelsen, Luz Bulnes, Francisco Bulnes Ripamonti (who died prematurely), Gustavo Cuevas, Jaime Guzmán, and Hermógenes Pérez de Arce took part. However, this last man and author of this book had to resign shortly thereafter due to a conflict of interest between that position with another role he played in the communications arena. In 1985, Gregorio Amunátegui, Sergio Gaete, Patricio Prieto Sánchez, Eduardo Soto Kloss and, finally, Gustavo Alessandri Valdés, joined the commission.

The executive mandated the study of seventeen complementary constitutional organic laws of that charter. A few years later, the president would resolve, in accordance with what he discussed with the Pope during his 1987 visit, that the state council would review legislative regulations, particularly those related to political parties, suffrage, the national congress, and an electoral tribunal. To that end, the commission joined the state council, taking charge of proposing the content of pertinent future constitutional regulations that would complement the constitution.[27]

UDI and MAN Are Born

From March 11, 1981, which was the starting date of the eight-year presidential term of Augusto Pinochet, former student leader at the Catholic University, Jaime Guzmán, had tried to remain close to the president, having always been his permanent adviser. Even in September 1983 the president and the junta were resolved to put aside their reluctance to break the political recess and, upon the advice of *J*aime Guzman, gave their blessing to forming the Independent Democratic Union political party (*UDI*). Firmly on the side of the government, it proclaimed, nevertheless, the necessity that the latter adapt itself to "the style and tone...making up a greater national concordance."

It supported without hesitation the economic model and, without any doubt or wavering, the constitutionally fixed term of the president's governance period. It asked to give greater functionality to the consecration of the political institutions enshrined in the Constitution.[28] A few weeks before, the *Corriere de la Sera* (Italian) had attributed to Guzmán the job of trying to concentrate power in a supposed *duce* (Mussolini style) boss man. However, the student union leader was more concerned about reiterating that his thinking was exactly the reverse, because "he believed in the need to invigorate the transition to full democracy."[29]

Italian journalists had perhaps confused the effort with that of the National Action Movement (*MAN*), which preferred "a permanent authoritarianism and, as much as possible, one of military character." On January 4 of that year, Pinochet, "in an unscheduled hearing",

received the nationalist leader Pablo Rodríguez Grez. That encouraged the group after having been motivated by another one of its promoters, Federico Willoughby (who years later would become an opponent of the administration) to warn that, “the time is coming to toe the line and see who we are, or where we are; with the playthings of Marxism, with our pockets…or with Chile, in clear allusion to the opposition and more open sectors, respectively.”[30]

Pinochet, habitually quick on his feet, kept on good terms with both the “softies” and “hardcore”, whereby the latter proclaimed victory because he had spoken of a “nationalist democracy,” which they interpreted as being “a transcendental rectification both in the political and economic sphere,” in a sweeping public statement signed by aforementioned adherents Pablo Rodríguez, Federico Willoughby, Álvaro Puga, Gastón Acuña, Gustavo Cuevas, and María Olivia Gazmuri, among others.[31]

Mass Protests Intensify

Unprecedented protests took place during 1983. At that time, the Communist Party had already signed an agreement with Havana to send to Chile certain members of the party’s youth who had received guerrilla training in Cuba, in order to fight against the Chilean security forces. Thus, a new guerrilla-terrorist group was born: the Manuel Rodríguez Patriotic Front (*FPMR*). This violent group functioned in addition to the *MIR* and others that Popular Unity party affiliates had formed—as we saw in the chapter I (“1973”)—with broad support and financing from the Soviet Union, East Germany, and Cuba.

The *FPMR* began to perpetrate serious attacks and bloody crimes, constituting a serious challenge for the *CNI* (National Information Center) and the intelligence agencies of the different defense branches. The death toll in the struggle between the military government and terrorism, which had declined steadily during 1973–1980, began to increase with the appearance of the new communist guerrilla group. A collateral strategy to blatant armed conflict was to promote public disorder. Certainly, the serious economic situation that the country was experiencing as a result of the debt crisis

bolstered them, as did the severe restrictive measures imposed on public spending needed to regain economic balance.

On May 11, 1983, the first national day of protest was held. The previous night, Radio Moscow had called for the practice of "violence in all its forms and the overthrow of public order and legality."[32] On May 25, 1983, the National Workers Command was formed, made up of the Confederation of Copper Workers, the Confederation of Chilean Private Employees, the United Workers Front, the Workers Union, and the National Trade Union Confederation, i.e., everything from Christian democrats to *miristas* and communists.

At the end of May 1983, and in the face of new subversive actions stemming from the protests, the government decided to renew the state of emergency for ninety days, as a preventive measure against the possibility that "some domestic danger to national security might arise." Unfortunately, the government was not mistaken, since the second national day of protest on June 14, 1983, was marked by unusual violence: with damage done to private property, especially in Santiago, bombs exploding, trains derailed, and communications interfered with.

> The government…arranged to establish a curfew from 8 p.m. to midnight on July 12, 1983; the measure applied to the Metropolitan Region of Santiago and the Eighth Region around Concepción… Nevertheless, the protests on August 12 resulted in general violence. Authorities estimated that nineteen people were killed and fifty-three were wounded, especially during the curfew time. The deaths, according to the metropolitan military authority, were a reaction derived from what Armed Forces personnel had to adopt when being violently attacked by subversives in more than one sector… Notwithstanding all the acts of violence and subversion dressed up within the garb of "peaceful protest." On August 26, the government, drawing a clear path towards domestic normality, did not renew the state of emergency. The importance of this resolution was expressed by the mere fact that for the first time and after ten years, this exceptional state was left without effect."[33]

Democratic opponents argued that the protests had a peaceful purpose. But even they could not have believed their own words, because the communists did not hide their plans, instead declaring publicly: “It is about generating a correlation of forces that are expressed in the political and military plan… The exodus of Pinochet must be determined by the strength of the people; a force that must be manifested in all areas and that must necessarily incorporate all forms of struggle.”[34]

Desertions on the Right and the Founding of the UDI and RN

The climate formed by the simultaneous economic crisis, terrorist violence, foreign pressure and threats of commercial blockade, and doubts sprouting from the hard-line nationalist sectors of the government about the socioeconomic model, generated a certain panic level that overtook the “soft belly” of the administration, that is to say, among its less-resolved and less-committed supporters. As a result, important desertions took place within those parties. Too, some right-wing politicians fell in with the opposition, who had previously pertained to the National Party and had accepted the legislative recess decreed by the administration. Two examples included former senator Fernando Ochagavía and former deputy and former president of the National Agriculture Society, Germán Riesco.

The opposition had also secured positions within the ecclesiastical hierarchy. Thus, Cardinal-Archbishop Francisco Fresno, who until then had been a *Junta* sympathizer, was approached by disaffected or fearful right-wing groups and by Christian Democrat politicians in order to create what was called a National Accord, in order to put an end to the military government ahead of schedule. I remember in particular a luncheon during those years at *El Mercurio*, attended by former National Party parliamentarians who were previously named and had recently become opponents. They tried to invite the newspaper to join them in their critical stance and hence prepare what they called “a landing strip” for rightists after the military administration ended. Basically, they proposed that we join them in a strategy to save us from what they envisioned as a “public

vindication” (revenge) at the hands of the other opponents, particularly the most violent ones—socialist and communist leftists—whom, they foresaw, would assume power or a decisive part thereof, replacing the president and the junta.

> The faction that was called the “group of eight” was formed, with the aim of becoming the political counterpart of the Democratic Alliance. The collegial management of this group was comprised of Andrés Allamand, for the National Union; Sergio Fernández, of the Independent Democratic Union; Julio Durán, for the Radical Democracy party; Fernando Ochagavía, of the National Party; Federico Willoughby, of the National Action Movement; Juan de Dios Carmona, for the Social Christian Movement; and Luis Ángel Santibáñez, of the Democratic Socialist Shop Workers. This was the first time that the government approached, albeit indirectly, active politicians. In the end, that group was not able to achieve its mission and was diluted over the months.[35]

Nevertheless, at the same time, among those of the Right who were more committed to the administration, there was a desire to organize a government-support unit. Far from seeking a soft landing in the midst of a hypothetical triumph of the opposition, they aimed to forge a civilian force inherited from the legacy, along with the political, economic and social principles, that had inspired the military revolution (albeit nobody called it by that title).

The first one to lay the foundation of this movement was former student leader Jaime Guzmán Errázuriz who—after meetings with many sympathetic people—told me about it and that is why I attended two preliminary reunions, in which I remember meeting with Sergio Fernández, and wherein I contributed a document with socioeconomic suggestions. Consequently, the *UDI* (Independent Democratic Union) was founded in September 1983 as a movement with an unmistakable path toward becoming a political party, heir to the military government, whenever the complementary legislation of the Constitution of 1980 would allow it.

Nonetheless, in November 1983, the supporters of former president of the National Party, Sergio Onofre Jarpa, and the “soft

belly" of the administration were not to be outdone. The leader, Andrés Allamand, who had headed high school students who were followers of the National Party during the Popular Unity, gathered 60,000 signatures in support of Jarpa himself, who had been appointed interior minister. They finally transformed this support into another new political organization, the National Union Movement, *Unión Nacional,* in November 1983, to run parallel with the *UDI*, which had anticipated. He and Jaime Guzmán as a team would become an oxymoron: *irreconcilable allies*.

Unión Nacional was headed by Allamand as secretary general. Those who accompanied him included, among others, former congressional representatives Gustavo Alessandri Valdés, Fernando Maturana Erbetta and Juan Luis Ossa Bulnes, along with lawyers Luis Valentín Ferrada Valenzuela and Alberto Espina Otero. All these men came from the National Party. However, former congresswoman Sylvia Alessandri de Calvo, along with the former vice president of that group, Carmen Sáenz de Phillips, refused to allow the former party to die and, together with several former members, founded it again as *Partido Nacional*. It became more traditional, more autonomous from Jarpa, and included even greater similarities with the democratic opposition.[36]

The nationalists also regrouped, who had formed National Advanced group in 1982 but now became known as the National Action Movement. The founding leaders were Pablo Rodríguez Grez, Carlos Cruz-Coke Ossa, Benjamín Matte Guzmán, Federico Willoughby-Mac Donald Moya and Gastón Acuña MacLean. They declared their respect for the 1980 Constitution, called for "a profound revision of the economic model to make it fit with the current critical situation" and declared themselves to be in favor of "returning to the state its planning function."[37] They formalized their new movement with the apparent approval of Pinochet, who never allowed them to disappear—something that would have undoubtably been their natural fate, according to historian Gonzalo Vial.[38]

Briefly, the Christian Social Movement was also organized, made up of former members of the Christian Democrats who had continued to collaborate with the military government and whose

most visible figures were former senator Juan de Dios Carmona Peralta and William Thayer Arteaga, both former ministers under Frei Montalva (1964–1970). They wanted to give the movement a "very strong sense of social solidarity, with a clear definition against Marxism."[39]

The Quest for Ungovernability

In 1983, the Assembly of Civility was founded, too, presided over by Dr. Juan Luis González, a left-leaning Christian Democrat who also oversaw the Medical College. With a profile of moderation—he had been a student at Saint George's College, and I remember him from the times when I was, too—he belonged to the far-left wing of the Christian Democrats and tended to build bridges toward the extreme Left. He had a particular bent toward communism, but under an aura of pacifism and moderation intended to "tame the beasts."

In 1983, the Christian Democratic party was presided over by Gabriel Valdés, who did not have the qualms of his predecessor, Andrés Zaldívar, of wanting to get along with communists. This bent was especially evident in actions in which legitimate democratic citizens' aspirations were confused with the violent and destructive actions of communism through its armed wing, the *FPMR*. Within the Christian Democrats, the members most likely to forge a common front with communism, such as Ignacio Balbontín and Patricio Basso,[40] had support from the top.

Recapitulating: along with organizing the opposition into a so-called democratic alliance, which brought together the Christian Democrats, the Socialist Party Núñez ("renewed"), the Radical Party, and the Liberal Party (another detachment fallen off from the right sympathizers of the military government, being disappointed with it). A popular democratic movement (MDP) was also formed even more to the left, centered around the Communist Party, which favored "all forms of struggle," but which everyone knew was focused on armed resistance. It was illegalized by the Constitutional Court after a demand of Jaime Guzmán.

At the union level was the Democratic Workers' Confederation (*CDT*), chaired by Eduardo Ríos, having a well-known nexus with the

North American trade union movement, along with the National Workers Command (*CNT*), run by the communists. Rios did not hesitate to accuse the latter of being a "front organization" of the communists.[41] But all the foregoing groups had one motif in common: the "search for ungovernability," whatever that might mean, whereby it implied that Pinochet and the junta, having become discouraged, were going to renounce their power and leave it to them instead.

Important Appointment of a New Interior Minister

The "protests" achieved something. The minister of the interior, Air Force general and lawyer Enrique Montero Marx, follower of the line of his predecessor, Sergio Fernández, was replaced on August 10 by a politician who was a very loyal servant of the military government at his posts as Ambassador in Colombia and then again in Argentina, along with political past experience as a senator from Santiago during the Popular Unity and a solid opponent of Allende, together with Patricio Aylwin and Eduardo Frei Montalva, making up the Democratic Front: Sergio Onofre Jarpa.

Jarpa assumed his post at a crucial moment marked by the violence unleashed by the "peaceful protests" and the culmination of the energy with which the government repressed them, as we have seen. But he would start out by advancing an unprecedented stage of dialogue proffered by the administration—full of inconsistencies and contradictions—but what would represent a true "political hiatus" and would be the most decisive example of what Pinochet himself called his fancy footwork after being assailed by his adversaries.

Nearly sixty years old, Sergio Onofre Jarpa made the first line of politics during the Popular Unity and was its most defined opponent. Earlier he had appeared as a confidant of Jorge Prat, a nationalist lawyer who had been a good treasury minister in the second government of General Ibáñez (1952–1958). Jarpa came from the nationalist side of the political spectrum that in the 1930s had sympathized with the "pilots of Europe," as some author called them, i.e., Franco, Mussolini, and Hitler, which had fallen into total

disrepute once the horrors of Nazism were revealed and the last two were defeated in the Second World War.

In 1965, a year when the Right almost disappeared in parliamentary elections, Jorge Prat saw a replacement option and was a senatorial candidate for Santiago, but the bulk of the shipwrecked hulls of the traditional parties—both classical liberal and conservative—voted for the Christian Democrats. They believed that party was like its European version, i.e., confronting the left and serving as successor of the traditional right, which was not the case at all, as was demonstrated later. With the Chilean Christian Democrats leaning more to the left, a rightist revival was spawned as former classical liberals, conservatives, and nationalists formed the National Party in 1965 and were about to win the presidency in 1970—in addition to recovering much of their legislative roles in the 1969 election—all with Jarpa as that party's president.

During the military revolution initiated in 1973, he was a loyal civilian supporter of the same and respected the political recess. He accepted the call to be ambassador to Colombia and then to Argentina, where he had the delicate role of supporting that country during the Falklands War, while knowing that the next aggressive move would be against Chile. Indeed, if the Argentines managed to conquer the archipelago, because President Galtieri had announced it as such ("this is the first step in the recovery of the Argentinean island territory"), achieving the next goal would only face one problem: it was Chilean territory.

When the 1982 economic crisis began, it became an open secret that the man who could negotiate with the democratic opposition in the delicate situation in which the government found itself was Sergio Onofre Jarpa. During that time, he would eat lunch at the *El Mercurio* plant and express the following view, pertaining to the crucial issue of the day: the economic situation. I can quote from memory what he said, because the statement stuck with me, having been in complete disagreement with it:

> I think that what makes most sense at this moment is a change in economic policy toward a model similar to that of the Radical Party in the 1940s.

Days later, Jarpa was appointed as interior minister, at the worst possible time insofar as he was concerned. The opposition prepared its most violent “peaceful protest,” while the government had been, in turn, prepared militarily to crush it. Thus, there could not have been a worse inaugural atmosphere for the discourse purposes of Jarpa.

Calming Measures

Thus, paradoxically, while the protests got tougher, the government manifested itself through appeasing measures. As noted earlier, the return of 79 exiles was authorized in January 1983, which added to the 125 already allowed back in 1982. In March 1983, yet another 105 came back.[42] It was reported that these people had only to “get a ticket home, comply with normal procedures and reach the territory; nothing more.”[43]

In June, there was another group authorized to return, among whom were prominent public figures, such as former senator Andrés Zaldívar, former minister Rafael Agustín Gumucio, former presidential candidate Rafael Tarud, former Christian democratic representative Claudio Huepe, former minister under Allende, Carlos Briones, and Radical Party lawyer Eugenio Velasco Letelier.

Still, in July 1983, there was yet another list of people authorized to return, among whom were the former president of the Christian Democratic Party, and former senator, Renan Fuentealba, plus former Communist Party congressman, Cesar Godoy Urrutia and leftist actor Julio Jung. Up till that date, there were 600 people authorized to return to the country, who were previously prohibited from doing so. In September, trade unionist Manuel Bustos was granted this benefit, and the government said, “On the occasion of isolated cases, we hereby advise affected parties that the administrative procedure has been completed, thus making the entry bans null and void with respect to 3,241 people.”[44] Almost all had left the country on their own will, but their return was forbidden.

A Recounting of the “Peaceful Protests”

The democratic opponents of the military government did not hide their impatience with what was considered to be “too long” of a wait,[45] stipulated by the transitory articles of the 1980 Constitution. They meant, starting from 1983, a referendum after five-years and, if the opposition were to win, there would be elections a year later and democratic normality in 1990. If they were to lose, another predictable Pinochet government of eight years would have been established, from 1989 and until 1997, albeit with a Congress elected in 1989. Although all of the above would occur under full democracy, with parliamentary elections and plenary freedom, either alternative seemed to them to be unbearably distant.

That rationale led them to fall into the temptation of believing that communist-socialist violence was going to generate a situation of “ungovernability,” the result of which being Pinochet’s departure, with new elections coming soon and old politicians returning to power. It was that climate of opinion that gave rise to the so-called peaceful protests, which were anything but peaceful.

As we saw earlier, on May 11, 1983, the first one took place, with its inevitable array of victims of extremist violence and the resulting repression. The second national day of protest, as we also saw, took place on June 14. “This time communism, directly and through its front organizations, more carefully structured its revolutionary violence, which has now produced two deaths, numerous injuries, general violence in the country, blackouts, barricades, fires, etc.”[46]

A prominent promoter of the protests was a man who had served as foreign affairs minister under the government of Frei Montalva (1964–1970), Gabriel Valdés, who on one occasion organized a sit-in. He and others sat in the middle of a busy public transit artery and interrupted the flow of vehicles. As a result, he was soaked by the jet spray of a *Carabinero* water tanker, and fainted from inhaling the tear gas. The whole ordeal was too much for the sixty-four-year-old man.

The national coordinator hence convened an *indefinite* and *national* strike starting on June 23, 1983, which ended up being neither the one nor the other, but rather localized and brief. “It did not have the

expected success," Radio Berlin International confessed on June 25, although the communist verbiage did not lose traction: "The action of popular organizations of all tendencies has been coordinated and organizing quite diverse forms of action," Radio Moscow said.[47]

The third national day of protest took place on July 12, 1983. All this malevolence had nothing to do with any spontaneous restlessness among the people, and the communists themselves, surely without proposing it, recognized that fact. The representative of the Chilean Communist Party in Mexico, Eduardo Contreras, candidly stated, "Nothing that happens in Chile is the work of spontaneity, everything is the product of tenacious and patient work in the bosom of the masses."[48]

The Epitome of Violence

The epitome of revolutionary violence was witnessed a few days after Pinochet had made a great concession: the appointment of Sergio Onofre Jarpa as minister of the interior. He was a politician capable of understanding the leaders of the opposition making up the Democratic Alliance. But the government's intelligence sources had indicated that the August protest, the fourth national day of protest, would be more violent than any of the previous ones.

In charge of the Santiago Garrison was a professional and efficient general, a military man 100 percent: Julio Canessa Robert. His mission was to maintain order, and he fulfilled it. He carefully planned the military interposition of the city, dividing it into five sections or quadrants. He had approximately eighteen thousand men. Pinochet warned: "Watch out! I am not going to give an inch! Be assured that Santiago is covered by eighteen thousand men and their strict orders are to respond harshly."[49] On the evening of the twelfth, extremist violence was unleashed. The result was twenty-seven dead. The eighteen thousand soldiers, mostly conscripts, fired when they were attacked in the five quadrants and their combat-grade bullets went through the thin walls of homes in those neighborhoods. In all previous protests combined there had been only eight deaths.

Nobody could blame Jarpa. Patricio Aylwin claimed to have been arrested downtown. Jarpa commented: “I am very sorry about the trouble Don Patricio ran into while participating in a youth demonstration, but he was not arrested instead offered to go to the police station, where he stayed a long time, drinking coffee and conversing.”[50] Always a clever politician, Aylwin realized that drinking coffee at the police station was not so bad and it could have looked like he had “been imprisoned,” whereby he could earn some political dividends.

Nevertheless, the uselessness of the communist conspiracy designed to change the institutional destiny of the country was recognized even by Christian Democrats, who took advantage of that state of affairs. Antonio Cavalla, one of that party’s leaders, wrote in the opposition newspaper *La Época* in 1987:

> The military policy of the Communist Party is ineffective… How the Communist Party implements and deploys its line is evident: by allowing its members to join the Manuel Rodríguez Patriotic Front (*FPMR*) and through other forms… After five years of war between the *FPMR* and the Chilean Armed Forces, the results are unmistakable: the dead and wounded of the *FPMR* amount to hundreds, while those of the Chilean military, only thirty.[51]

But there was no doubt that the communist guerrillas, capable of killing military personnel, burning civilian passenger transportation lines, taking the lives of people riding the Metro and unwitting bystanders by means of their explosive artifacts, darkening cities by tearing down electricity towers, and disrupting people’s otherwise peaceful lives, created fear among the population...and among the opposition’s political leaders. For what would become of them once communism was once again admitted into the legal realm or, worse yet, have a presence within the government? At that point, albeit cautiously, the opposition’s political leaders sought for a resolution to placate all this communist-*mirist* violence. And they found it: it was called the National Accord for the Transition to the New Democracy.

The National Accord

Businessman José Zabala, president of the Social Union of Christian Entrepreneurs (USEC), assured everyone that "from the agonizing situation of these confrontations, increasingly violent in character, as the archbishop saw in the country…arose the idea of exploring the possibilities of contributing to an understanding between the disparate political movements, with the intention of generating a consensus, and from there a valid interlocutor, in order to dialogue with the government of General Pinochet in the quest for a peaceful transition to democracy."[52]

Oddly, they did not seem to know that, according to the government's own itinerary, based on the transitory articles of the 1980 Constitution, full democracy was to be restored in Chile in 1989 or 1990, depending on whether the government won or lost the presidential plebiscite planned for 1988. This "ignoring of reality" characterized all the politicians who opposed Pinochet in the 1980s. The ingredients were: great economic difficulties, rampant terrorism that altered the peace in the cities, inescapable repression, which did not allay the onslaught of criticism—either in Chile or the rest of the world—not against the terrorists, but rather the military and the government.

To quote Winston Churchill during the Second World War, the administration's "soft belly" was accused of the punishment; but the "hard belly" took it. Ironically, the first initiative for a "national accord," which, in short, was intended to put an end to Augusto Pinochet's eight-year rule, started with his own interior minister Sergio Onofre Jarpa, former senator of the National Party. As previously noted, he was the most hardcore opponent of Allende between 1970 and 1973 and was also considered "hard," until then in 1983. At any rate, it must be acknowledged that, post-1990, he had been one of the few right-wing politicians capable of defending the military government from historical revisionism and leftist distortions, along with the political and judicial persecution it has been subjected to ever since.

Nonetheless, the fact was that Jarpa, in August of 1983, in the throes of "fully peaceful protests," decided to visit the cardinal archbishop of Santiago, Monsignor Juan Francisco Fresno, to

“exchange ideas.” And he “offered his house for a meeting with opposition leaders.” There they joined both by Gabriel Valdés (Christian Democrat), Hugo Zepeda (National Party), Luis Bossay (Leftist Radical Party), Enrique Silva Cimma (Radical Party), and Ramón Silva Ulloa (Socialist Party). As one of the managers of the accord, engineer José Zabala, recently deceased in 2018, said, “The meeting lasted ninety-five minutes, while more than fifty national and foreign journalists waited out on the street.”[53]

Another meeting followed on September 5, 1983. Opponents insinuated the solution being the departure of General Pinochet. This idea, naturally, downplayed all importance of Minister Jarpa’s efforts, leaving him in an unenviable position. Worse yet, those political leaders called for a new “peaceful” protest on September 8, which the communists managed and that again turned out to be very violent, with a total of nine dead, two hundred wounded, and hundreds arrested. “There were no new meetings to try again to achieve an understanding, leaving Monsignor Fresno disappointed,” as Zabala recalled in his book *National Accord: Meaning and Perspectives*.[54] In short, the accord would not be signed for two more years, on August 25, 1985. Incidentally, it never became a feature of public policy.

Internal Contradictions

Jarpa was the mastermind of the search for a consensus between the military government and its democratic opponents, but it was the action of its totalitarian rivals, communists, socialists, and their respective armed forces—the FPMR and the MIR—that distorted Jarpa’s intentions. In the end, they made it impossible for him to exercise his ministerial function and led him to resign.

In addition, the reality was that he did not agree with the socioeconomic model. Being a supporter of the administration, he proposed to change economic policy in the sense of “getting the economy going,” “spending something on the debt problem” (i.e., granting more relief to debtors), “suspending the auctions,” “promoting legislation granting special credits for planting.”[55]

He had managed to convince Pinochet that the president's problems were "mainly economic," reasoning that "in the period when the economy was growing at rates previously unknown in our country, the government was supported by the majority; no one doubted the legitimacy of the citizens' referendum, which was democratically conferred."[56] But Jarpa believed that the state should grant relief to those afflicted by the crisis. Thus, Decree No. 18,272 (December 23, 1983) was promulgated, which provided state guarantees to the obligations backing deposits and assignments of checking and savings accounts, to lower the costs—and facilitate relief packages—to people.

Finance (treasury) minister Carlos Cáceres, defended the orthodox bases of the model and the economy was recovering, albeit slowly, dropping less in 1983 than the previous year: –2.4 percent. But the general impatience and the preaching in favor of greater protectionism and an increase in tariffs, led to greater fiscal expense and monetary relief resorting to utilizing the monetary tools of the Central Bank in order to increase the quantity of money in circulation. Hence, more public expenses could be financed, as radical economist Luis Escobar Cerda sustained, being a supporter of the government and former minister of Jorge Alessandri in 1964, putting pressure on Cáceres. He reached Pinochet through Jarpa, who agreed with his proposals and, basically, "sponsored" them. The situation would result in a cabinet crisis in April 1984.

At the same time, a former minister of Jorge Alessandri, also akin to Jarpa, lawyer Hugo Gálvez Gajardo, became labor minister. Newly appointed Archbishop of Santiago Monseñor Fresno, who was held to be a man of the Right, was appointed Cardinal shortly thereafter. It was believed that the difference in his behavior would facilitate things for the government, over against that of Monsignor Silva Henriquez, who was quite close to the Christian democrats—with a leftist bias—and was thus an adversary of the military government.[57]

It was in this context of concessions that Jarpa, with the approval of the president, sought to meet with moderate opponents at the home of Monsignor Fresno. The minister went to bat for the government, while the Democratic Alliance—the opposition—was

represented by Gabriel Valdés (Christian Democratic Party), Ramón Silva Ulloa (Socialist Party), Luis Bossay (Radical Left Party), Enrique Silva Cimma (Radical Party), and Hugo Zepeda Barrios (National Party). Those leftists orbiting the Communist Party, that is, the Popular Democratic Movement (MDP), did not attend. There were three meetings: August 25, September 4, and September 29.

But the extreme Left was in charge of preventing any possibility of consensus. In those days the *MIR* assassinated the *Intendente* (governor) of the region comprising Santiago, General Carol Urzúa, and two companions of his. And a new "protest" was summoned in which Gabriel Valdés himself joined the public disorder, heading up the aforementioned sit-in at Plaza Italia, on the east end of the main roadway running through downtown Santiago, blocking traffic, as we previously saw.

Fifth National Day of Protest and Massive Concentration

The fifth "peaceful" national day of protest ran between September 8 and 11. The opposing Democratic Alliance formed a commission and announced that its members would be out in the towns to prevent "acts of provocation," thus implicitly recognizing that they were the originators of the violence. However, they were not successful and in the three days of disorder nine were killed and ninety injured. Communist responsibility for the bloodshed was implicitly confessed by Radio Moscow itself, which spoke of twenty-four dead during the protests: "For some time," it confessed, "the people have taken the offensive"[58]

The alliance presented a proposal to Jarpa, demanding, among other things, the resignation of the president of the republic. Understandably, Jarpa did not even bother to answer it. Without the participation of the alliance, the communist wing of the opposition called for the sixth national day of protest, criticized by the former, as it "strengthened the government's strategy of showing the city an uncoordinated and divided opposition." Nevertheless, the National Command of Workers requested permission to hold a public rally, which was convened by union leaders associated with the Christian

Democrats, Rodolfo Seguel and Manuel Bustos, which was authorized for November 18 at O'Higgins Park due south of downtown Santiago to, among other things, request the resignation of Pinochet.

The communists had no qualms about anticipating the violence to be unleashed in the new demonstration: "We favor the protest unfolding in all its forms… In this sense, we are not squelching any popular action."[59] It was carried out, and the government estimated that between sixty thousand and one hundred twenty thousand people attended, while the opposition said it was two hundred fifty thousand to eight hundred thousand. Its most impressive aspect was the strong communist presence.[60] Consequently, it was hard to say whether it evoked more fear among the government or the opposing alliance.

On top of all this pondering, as noted earlier, the Popular Democratic Movement (MDP), was founded, comprised of the Communist Party, the Socialist Party and the *MIR*.

Cardinal Blessing and Christian Democrat Absolution

The military policy of the communists was not lacking in support—whether intentional or otherwise—from the most unpredictable origins. One author wrote that "it is incomprehensible that the Archbishop of Santiago, Monsignor Fresno, received at the end of September 1983, communist leaders María Maluenda, Jaime Insunza, and Patricio Hales. Since the visit evidently did not have a religious or political character, the church of Santiago appeared—whether it liked it or not—to lend an air of tolerance to communist terrorism."[61] Likewise,

> amidst the unbridled preparation and application of the military policy of the Communist Party, some very suspicious statements appeared from Jaime Castillo, the ideologue of the Cristian Democrat Party. In open contradiction to the facts and communist statements, Castillo stated that "the Chilean Communist Party in my opinion is a party that, in practice,

> behaves like a party that adheres to the general forms of democracy. It is similar, in practice, to the Eurocommunist parties." Then, in a display of ignorance, or conscious disinformation, he asserted that the communists "had not said that they opted for the path of violence."[62]

Victims of Communist Violence

Among the historical episodes that have been erased from the collective memory by the political-journalistic falsification agenda registered in the country after 1990 regards that of the communist violence that reached its climax in September 1983, as *La Tercera* informed:

> On the 7th, ten *carabinero* officers were injured in the deployment of the fifth day of protest; that same day, in Talcahuano, hooded men shot and killed Inacap (technical school institute) student Carlos Iturra Contreras at his home and wounded a boy under the age of 14, José Rolando Soto, along with day laborer José Hidalgo Sobarzo. On the 9th, subversive elements attacked the home of a minister of the Court of Appeals, shooting 2nd Sergeant of the *Carabineros* Pedro Efraín Salas Lineros (snatching his Uzi submachine gun and two magazines), who died a few days later at the José Joaquín Aguirre Hospital. On the eve of September 11th, there were incidents of extreme violence in the south of Santiago, e.g., shootings, robberies, looting, attacks by arson, and sabotage of electrical posts, which left eight people dead. Killed were Jorge Arellano Muñoz and Nelson Gómez Espinoza, youth who were shot by unknown persons, and poor María Elena Ramírez Morales and five of her children, who were burned as a result of arson that wasted several slum dwellings at the Villa Portales camp, an act which also left thirty wounded: eight *carabineros*, an Army conscript, and twenty-one civilians.
>
> Among the wounded, Army conscript Néstor Cruz Latache was beaten by a mob of one hundred people in Pudahuel *comuna* in the northwest part of metropolitan Santiago. Luis

García Mitón, who too was burned, was the spouse of poor María Elena Ramírez. Eugenio García Ramírez, also burned, was the son of Luis and María. A laboratory employee of the newspaper *La Tercera*, Emilio Rosales was hurt. Driver Eugenio Muñoz was harmed when a mob of twenty extremists assaulted his Citroneta car in Callejón Lo Ovalle, in La Cisterna *comuna* in southcentral Santiago, assaulting him and kidnapping his companion, a 21-year-old woman, who was later raped. Ramón Abarca was burned by the work of an arsonist. Sergio Ulloa Cifuentes, Ariel González Naranjo, Juan Rivas Muzzo, Juan Uruigual Raimén, Sergio Martínez Escobar, Jorge Astudillo Sandoval, Víctor Molina Morales, José Infante Guerra, Ricardo Gutiérrez Carrasco, Humberto Candia Lizama, Pedro Rojas Fernández, Víctor Montenegro Alfaro, Guillermo Marcial Lizama Centeno, Víctor Suárez Pinto, and Edison Gatica Muñoz were victims of shootings, too. All this information was published in *La Tercera*, September 11, 1983, pages 42–43.[63]

Of course, the sit-in of Gabriel Valdés was much more important for the news agencies to cover and for the US State Department—when he fainted from tear gas inhaled while blocking traffic in Plaza Italia, at the head of *Alameda*—rather than mass communist violence against Chileans of modest means that left so many dead and wounded.

American Pressure

Efforts to maintain domestic order took a back seat to the need to meet the requirements to obtain American certification regarding human rights, necessary for both credit purposes and the acquisition of components for our armed forces. Opposition politicians knew this fact and took advantage of it. They mingled in public disorders and, if they were arrested, decried the event as “being an example of the repression of dissident opinions.” Then the US State Department declared that it supported “the right to peaceful dissent in Chile” and expressed that the arrest of former foreign minister Gabriel Valdés and other opposition political leaders was a reflection of the “serious

tensions and divisions" that were affecting our country. And it did not even take note of or reflect on the deadly communist violence.

This bias revealed the propagandistic effect of Valdés' sit-in. Note that that public gesture, so often commented on both nationally and internationally at the time, hampered relations with the Reagan government. Yet it was not even mentioned in the erudite work of Christian Democratic historian Carlos Huneeus, *El Regimen de Pinochet* ("The Pinochet Regime"). Later, Valdés, as president of the Senate, gesticulated agreement with the *UDI*, Jaime Guzmán, and General Pinochet (already designated senator-for-life) in 1990, signals criticized by the same historian.[64]

The aforementioned statement of the US Department of State distinguished, indeed, between the right to dissent and the security of the state. But it did not pay attention to the specific threats to the latter.[65] Washington had extended the certification to Argentina, where the military government had to leave, but did not extend it to Chile. According to a letter sent to the *Washington Post* by the Assistant Secretary of State for Human Rights, Reagan had not granted the certification since Chile did not comply with the requirements established by American law, in the sense of moving toward an improvement in the status of human rights.

The tension provoked by this attitude led the Reagan administration to send General Vernon Walters (to Chile), who in the 1970s had close ties with the director of the *DINA*, General Manuel Contreras, and was then a special adviser for Latin American affairs. He came to meet with the Chilean president in order to prevent a serious deterioration of ties with the government.[66]

The year ended with the relations between both countries quite cold. Walters, in his 1978 autobiography, *Silent Missions*, did not mention among them the ones he undertook in Chile from 1973 onward. Maybe they were "too discreet." Recall the United States always wanted to "remove the 'chestnuts' (i.e., throw out the communists) by the hand of the 'cat' (i.e., the Chilean military)" and thus strike a balance between preventing their return to power, while at the same time appearing to harass the military government in the

name of human rights, for purposes of padding its domestic and international image.

Educational Advances

In April 1983, the transfer of 6,869 state-run high schools to the municipal authorities had been reported, i.e., 87.5 percent of all public high schools. It was a first step of the military revolution toward true freedom in teaching.

Notwithstanding the positive evaluation of the process, an interministerial commission formed by the ministries the interior and education verified that many municipalities lacked the resources needed to administer the establishments that had been transferred to them. The government made an extraordinary and mollifying allocation of 1.2 billion pesos to the sector. In his end-of-year speech, Pinochet pointed out that the assessments of the municipal education system were positive and that training of seven thousand new teachers had been achieved throughout the country.[67]

Reactivating Proposals

In mid-1983, the Confederation of Production and Commerce, the largest business lobby, proposed a plan for economic reactivation, respecting the model. But minister Cáceres thought that if the proposal were accepted, the country would suffer galloping inflation within the next six months.[68]

Both the “protests” and the “proposals” undermined the firmness of Pinochet’s support for free-market policies. One champion of that “friendly fire” against the model was ex-senator, former National Party president and unwavering supporter of the military government, Sergio Onofre Jarpa. (As noted earlier,) he had also been Pinochet’s ambassador to Colombia and Argentina, and from that last post had been appointed as, as previously informed, interior minister.

Jarpa had never been very sympathetic to the model promoted by the Chicago economists and, during the hardest moments of the debt crisis, he had come out in favor of a more interventionist

economic policy. In fact, when he took over in the Ministry of the Interior, it was said, after taking a helicopter tour of the sections of Santiago plagued by the most violent protests, fires, and assaults, that he had convinced himself that the cause of the discontent was the restrictive economic situation generated, in his opinion, by libertarian policies.

But the economic situation was no better in other countries of the hemisphere that did not observe the same policies. Indeed, they also suffered in the wake of the crisis, on account of which interventionism was dubbed as causing “the lost decade of Latin America.” The animosity of Jarpa toward the policies of Chicago would soon have consequences for the economic policies of the government.

Disagreement with Argentina

The year 1983 was a year of *status quo* in terms of the differences with Argentina regarding its nonacceptance of the arbitration ruling in favor of Chile’s claim to the Beagle Channel. But recognizing that it was a matter of the utmost seriousness and importance, the government decided to remove Colonel Ernesto Videla from his post as Undersecretary of Foreign Affairs, instead assigning him exclusively to head the national delegation pertaining to the papal mediation process. Consequently, Videla traveled to Rome with express purpose of meeting with high Vatican officials and, in particular, the influential Cardinal Agostino Casaroli.[69]

Meanwhile, the end of military rule in the neighboring country, precipitated by its defeat in the Falklands, proved to be very positive for Chile. The new government made its debut with Raúl Alfonsín, a moderate politician, elected in October 1982, who did not have a bellicose disposition toward Chile like his predecessor, General Galtieri. That event led to the January 23, 1983, signing of a *Declaration of Peace and Friendship* between foreign ministers Jaime del Valle (Chile) and Dante Caputo (Argentina). In it, the solemn decision was expressed to preserve and develop ties between both countries and to resort to peaceful means of resolving the controversies that may arise between them.[70]

Normalization with Oceania

The Soviet–Cuban propaganda campaign against Chile reached all corners of the globe and threatened our foreign trade, to the extent that leaders of the New Zealand longshoremen, having heard a KGB *úkase* (Tsarist decree issued from Moscow), refused to load and unload goods both to and from Chile. But gradually, over time, seeing that doing so was more to its own detriment than it was to our country, they lifted this embargo and bilateral trade was extensively reactivated.

Pinochet then appointed a concurrent ambassador for the South Pacific countries, and a delegation of New Zealand businessmen subsequently traveled to Chile. The situation in the area improved and, later on, the president received the credentials of the Australian ambassador, William Kevin Flannagan.[71]

Communist Violence at the End of the Year

Failing the seventh and final "peaceful" national day of protest, slated for October 27, 1983, the Democratic Alliance called for a mass rally on November 18 at O'Higgins Park due south of downtown Santiago. Of course, it received an early commitment from the communist-socialist-mirist MDP group, which had "promised not to employ any form of violence."

Perhaps one hundred thousand people attended the mass gathering and they demonstrated peacefully. Communism had "conceded" such nonviolence for once, although just a few days later the newly founded *FPMR* would claim responsibility for, among other acts, the fifteen bombings reported on November 23 in the metropolitan region, and others perpetrated on the twenty-fifth. "Terrorist operations were accompanied by 'massive street clashes' in the capital and Valparaíso."[72]

Socialist leader Ricardo Lagos was preparing to preside over the Democratic Alliance on December 1 and was paving the way for the "Chilean soviets" launched by the communists, the so-called *cabildos* (a prescription that President Michelle Bachelet would refill in 2016), looking to subvert, without success, the constitutional order.

> The communists, Lagos stated, must look for channels of expression and not displace those inherent in the political system… The Alliance must provide channels of expression of the Chilean people and, to that end, the *cabildos* would be present. In this type of activity, the Communist Party had to participate, and the Alliance invited it.
>
> Later, in an interview with a morning newspaper, Lagos defended the participation of the Communist Party among the *cabildos*-soviets, explaining: "I do not want to hide it. I do not want to say, "we are not with the communists." No sir. I believe that for the transformation of the capitalist system into a socialist one, as we understand it, we are going to have to join ranks at some point with the communists.'[73]

Luckily, later on, when he was president (2000–2006), he did no such thing.

December 14, 1983, marked the formal founding date of the *FPMR*, the communist military organization, which undertook its "first campaign," called "Pinochet out," which was slated to last until January 10, 1984. It began with a general blackout that covered much of the country, coupled with street disorders. Its participants included members who collaborated with priests and religious people of the extreme Left.

Its founding manifesto expressed that "it was born to deliver the people's response, demanding military activism in the field." It represented the fruition of the aforementioned agreement of Gladys Marín, Orlando Millas, and Volodia Teitelboim in Moscow, in 1974, wherein young communists would be sent to receive military training in Cuba in order to come back and fight other Chileans. Accordingly, the last week of the year was plagued by extremist attacks.

Annual Economic Balance

GDP continued to fall in 1983, although not as much as in 1982: –2.8 percent. Indeed, recovery was being heralded, even though unemployment in greater Santiago did not decrease—and had even increased by one-tenth of 1 percent, to 22.2 percent. However, the unemployment figure for the whole country decreased and was

about one-half of that beleaguering the capital: 11.6 percent. Neither did inflation recede, having even risen slightly, to 23.1 percent annually. The fixed capital investment rate continued to fall, too, to 11.9 percent. The budget deficit increased to 3.8 percent of GDP.

Nevertheless, the trade balance showed a strong increase, with a surplus of 985.6 million dollars. At least there was that fruit from the peso's devaluation. The current account of the balance of payments cut its deficit to less than one-half of what it was: to 1,117.3 million dollars; but the capital account's surplus was likewise cut to less than one-half of what it was: to 1,049.1 million dollars. The results of the balance of payments were again negative, albeit lower, reaching –541 million dollars. Foreign debt remained almost unchanged at 17,431 million dollars.[74] The gross international reserves of the Central Bank increased to 2,818.2 million dollars, an increase of 82.8 million dollars over the previous year.[75]

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[1] *Organic constitutional laws* are foundational, pertinent, applied decrees and prior legislation regarding the functioning of the state: e.g., police, courts, legislature, military, political parties, the central bank, the regions or provinces.

Chapter 12

1984: The Fancy Footwork of Pinochet

A Problem with the Vatican

What the government needed least was to have an impasse with the Vatican. Not only was Pope John Paul II the mediator in our dispute with Argentina, he had a favorable political view of the government, too, inspired by his friend and compatriot resident in Chile, Father Bruno Richlovsky—a fervent supporter of the administration.

However, in January 1983, the four *miristas* holed-up in the Apostolic Nunciature of Santiago were arrested. They were incriminated for the cold-blooded assassination of Santiago's mayor, General Carol Urzúa and his two bodyguards, one of whom, having been badly wounded, was shot dead on the ground by a *mirista* woman. That attack was detailed in the previous chapter.

The Holy See granted asylum to the four terrorists and made the corresponding request to the government for safe-conducts, which were, finally, reluctantly granted to them after three months. So they could leave without problems due to the impunity granted by that most generous homeland of the world's violent leftists.

Political Treatment

The violent "peaceful protests" that the opposition's politicians tried to take advantage of had not yet been left behind. But they realized better in Chile than abroad the futility of trying to break the Pinochet government by force. In 1983 there had been seven protests: March 23, May 11, June 14, July 12, August 11, September 8–11, and October 27. The first one was organized by the communists and was not counted as an official protest by the remaining organizers. The following three were directed by the Christian Democrat union leader in the copper industry, Rodolfo Seguel. The last four fell decisively into the hands of the Communist Party. Nevertheless, the authority of

the mining firm's management was not weakened, as seen in the second protest, when 800 workers shut down the copper mining company in Salvador illegally. "They were fired without thinking twice."[1]

The National Accord for the Transition to Democracy (*Acuerdo Nacional)*, promoted under the patronage of Monsignor Fresno, would take another year, until 1985, to see the light of day. But already in 1984 it was exaggeratedly magnified by the national and international press in relation to its real effectiveness to achieve the objective that was proposed: to reduce the term of the military government and to marginalize the power of General Augusto Pinochet.

Businessman José Zabala de la Fuente, president of the *USEC (Unión Social de Empresarios Cristianos)*, had translated an article from the English magazine *The Economist* for the Archbishop of Santiago, Monsignor Juan Francisco Fresno, where the idea was raised that the Chilean democrats were mistaken in their tactic used to face the government. Indeed, the violence of the protests hardly provided proof of producing an alternative that could persuade Pinochet to abandon his power.[2] These initiatives without effective substance (Jaime Guzmán at the time had called the National Accord, "gelatin") were effective in achieving their desired ends only to the extent that they conceded to the adversary, whom they sought to dismiss, that they should surrender and go home.

General Ibáñez, an authoritarian Chilean ruler in 1931, after two deaths in multiple public disorders provoked by his opponents, and in the midst of an international crisis that punished Chile like no other country, was persuaded to resign and exile himself to Buenos Aires. But if others had convinced Ibáñez to leave, no one could have forced him to do so, having, as he had, the support of the armed forces.

The Shah of Iran, Mohammed Reza Pahlevi, was convinced by the Americans (i.e., the government of Jimmy Carter) in 1979, that on account of the protests organized by his adversaries, he should have a softer hand and give in. He did so and ended up having to leave power. With that the Americans inflicted damage on Iran and its own

international influence, that continues down to the present. Yet had they not convinced the Shah, no one could have overthrown him.

In the 1960s, with the backing of the CIA, pro-US president Ngo Din Diem, in South Vietnam, was assassinated and deposed, having been harassed by communists and Buddhist monks rising from among the country's leftists. However, being a Roman Catholic like Kennedy, Din Diem yielded to the leftist Buddhist plot, believing that with that he would placate the communist invaders of North Vietnam, which had started a war in that southern country. J. F. Kennedy believed this way of doing things would please worldwide public opinion, but the opposite turned out to be true and Din Diem's downfall ended up being the first step toward the eventual American defeat in the Vietnam War in the 1970s and the loss of this country to communism.

If a government that is founded on force is not convinced to leave, it will not do so; nor will anyone remove it from power. Other examples include Castro, Chavez, and Maduro. The crux of the matter must be looked at differently. Remember that people once warned Joseph Stalin that the Vatican had strongly criticized his regime and called for its end. In reply, Stalin asked: "How many divisions does the Vatican have?" Accordingly, there is this sort of essential pragmatism that certain politicians or Western opinion leaders occasionally tend to forget.

In the case of the Chilean military government, it was thought that President Pinochet could be forced to leave power, given the number of deaths that were generated by the opposition's protests, derived from both the extremist violence and the resulting repression. Too, that overthrow could be achieved, given the climate of international repudiation through the leftist version of propaganda generated and published against it. But given that he did not yield, what ended was not his government, but the opposition's protests. When former president Alessandri was reminded in the 1980s of the precedent of the resignation of Ibáñez in 1931, he only commented: "The men and circumstances are very different."

In addition, domestically, the government had solid support in the most important press. I personally had a role in that part because in 1984, given that Agustin Edwards Eastman was director of *El*

Mercurio, I was put in charge of writing the Sunday political commentary of the newspaper, “La Semana Política” (“The Week in Politics”). I was a supporter of the administration and wrote as such. In addition, Jaime Guzmán, who was always a trusted adviser of Pinochet, was in charge of often calling me on Fridays in order to strengthen my convictions—once he found out that I was dedicated to the week in politics section—views that already coincided with theirs and, thus, never needed much buttressing. I have never suffered from this “right-wing complex” that affects many right-wingers, the first symptom being to begin thinking that their adversaries are right when objectively they are not.

In addition, in those years, attaining credit backing from the *Banco Estado* (Bank of the State), controlled by the government, was a fundamental requirement for *El Mercurio*, which had been emerging from significant economic straits. Thus, it would have been difficult for the different agents of the “soft belly” of the administration (a term Churchill used during the Second War, referring to Italy) that worked for the newspaper (i.e., those rightists who had “bought” the opposing theses and the National Accord), to have had imposed their line on the “dean” (a nickname for *El Mercurio)*. I admit that, perhaps, if the emergency credit situation had not existed, Agustín Edwards would have probably listened to them. Years later, after the emergency was over, he did so.

Regarding this situation, Hugo Rosende, a member of the “hard” lineup, former representative *(diputado)* and dean of the law school of the University of Chile, as well as an avid supporter of the government, was sworn-in in December 1983 in the Ministry of Justice. He was in favor of “immobilism,” i.e., what the promoters of the National Accord needed least. He argued that the transitory articles of the Constitution—i.e., exceptional statutes showing the attributes of a very authoritarian government—should remain in force with the same weight as any permanent one. He constantly warned Pinochet (it was rumored) that if he softened his stance, he would be “pawed in a cage on Alameda (avenue).”

A Firm Partisan Right

Jaime Guzmán Errázuriz represented, in turn, the most partisan and most staunchly right-wing voice of the military government. He did not deceive himself with the pretensions of its opponents or believe in the democratic style of the Marxists. And that is why he promoted the effective application of Article 8 of the Constitution, which stated at that time:

> Any act of a person or group destined to propagate doctrines that undermine and assail the family, advocate violence or a conception of society, state or legal order, of a totalitarian character or based on class struggle, is illicit and contrary to the institutional order of the Republic.

The precept then added that "organizations and political movements or parties that by either their aims, or the activities of their adherents, tended to pursue those objectives, were unconstitutional." Entrusted to the Constitutional Court was the mission of knowing of the infractions of that article.

The first presentation based on this article was made in 1984 by Guzmán himself and, among others, the well-known supporters and civil collaborators of the regime, Eduardo Boetsch, Enrique Campos Menéndez, Carlos Alberto Cruz, Andrés Chadwick, Sergio Fernández, Pablo Longueira, and Simón Yévenes—the latter being a courageous commoner and small businessman who, in 1986, would be murdered at his place of business and in front of his family by a hitman from the communist *FPMR*. That criminal is even today a fugitive who has gone unpunished (if he has not been compensated and given a pension by the treasury like other criminals of the Chilean Left).

Jaime Guzmán argued the case before the Constitutional Court in early 1985. It ruled and declared the *MDP* and its constituent groups, such as the *MIR*, to be terrorist movements, and the Socialist Party-Almeyda and the Communist Party, unconstitutional. Later, in the case against Clodomiro Almeyda, the rule would be followed, and in October 1987 the court would judicially disqualify people occupying

public positions for infractions to the same Article 8 of the Constitution.[3]

And the “Soft Belly” of the junta

Yet as repeated beforehand, the junta had its own soft belly, too—including its members who thought they had to give in. The National Accord had Monsignor Fresno as its leading figure, a man, as said beforehand, of right-wing political ideas, but who lacked character and who had been “co-opted” and “programmed” by the champions of the government’s soft belly. The Monsignor was allowed to get away with some audacious gestures before the administration, such as sitting, during the Te Deum ceremony on September 18, 1984, with the signatories of the National Accord—right in front of the president of the republic and the first lady. Doing so elevated them on that occasion to an institutional rank that they lacked.

Among the junta, General Fernando Matthei said, for his part, regarding the accord, that “he would not reject it.” Merino, on the other hand, ridiculed it and compared the cardinal to “Chapulín Colorado,” a Mexican television comedian who was very popular in Chile, because he always involved himself in resolving other people’s problems, even when they had not asked him to do so. General Rodolfo Stange, of the carabineros, being cautious, kept silent and said nothing. General Benavides, vice commander in chief of the Army and the other member of the junta did, too. He really could hardly have afforded to do so since he represented the man who was the main target of the National Accord. Thus, he simply could not appear less hardcore than Merino, and doing so surely that cost him his position, for shortly thereafter he resigned discreetly, retiring, and was replaced by General Julio Canessa.

There were public pronouncements favorable to the accord from professional associations and prestigious figures—some of whom were winners of national awards. But “how many divisions did they have?”. Pinochet said nothing. How was he going to surrender unconditionally and leave, which was what the accord demanded? In the end, in 1985, disregarding it was enough to cause its official demise.

However, the president had already made important concessions. He had of course appointed interior minister Sergio Onofre Jarpa in August 1983, who begun a series of meetings with opposition politicians to reach *de facto* agreements repealing the political recess. Moreover, Jarpa himself had counseled that modifications be introduced to the administration's economic policies, holding the conviction that it was the exigencies imposed by the anti-recession policies that caused the greatest discontent among the population.

Jarpa, then, represented a third group of government supporters, in addition to the Independent Democratic Union and the nationalists who had founded the National Accord, including the former leaders of the National Party, in particular Francisco Bulnes Sanfuentes, former senator and former ambassador of the military government to Peru. This diplomatic mission came to an abrupt and unfortunate end when the government of that country declared him a *persona non grata*, after uncovering a Chilean espionage operation that he had nothing to do with.

In 1979, I had the opportunity to know that infamous situation directly, because being the director of the evening newspaper *La Segunda*, I personally called Ambassador Bulnes (who had been in office since 1975) when the newspaper received the news that he had been declared a *persona non grata*. I found out that he had yet to know anything about it, because no one had communicated what was already a matter of information transmitted by cable.

Although he was appointed member of the State Council upon his forced return and also served as foreign affairs adviser until 1982, he eventually morphed into a "critical" supporter. He defined his position, saying, "There are fewer and fewer who feel that they can identify themselves with this government, for the simple reason that…it has closed in around itself and the gigantic movement of popular opinion that previously accompanied the administration is now splitting up and becoming anarchistic."[4]

With that temperament, Bulnes joined the National Unity Movement (*MUN*) that encapsulated Jarpa, former National Party senator Pedro Ibáñez, and youth leader Andrés Allamand, along with the group that he had created in April 1983 (as we saw in the previous chapter). From that mixture arose, in November 1983, the

National Union, which was billed as a “new and great unitary, democratic, broad and renovating political movement.”[5] All of them ended up being included in the Nacional Renewal party (*Renovación Nacional*), which was formed in 1987 and was initially accompanied by the *UDI (Unión Demócrata Independiente)*, under the concept that government supporters should join forces, which in the end proved impossible.

Even though Jarpa had been interior minister since 1983, his new National Union disassociated itself from the government to the extent that it believed, according to Allamand, that “the real enemy of Jarpa’s plan (is) General Pinochet himself.”[6] In turn, reports delivered to the president did not speak well of Allamand, whom they identified as the eventual creator of a new opposition party.[7] Of course, the National Union melded into the National Accord, which was inclined to see the premature end of the military government.

The opposition’s Democratic Alliance had already warned, at the beginning of 1984, that during the year the country would be subjected to an “outbreak of a popular revolution, because when peaceful means no longer serve, violent means will come into use.”[8] During the year, it would be seen just what the opponents understood by “peaceful means.”

American Pressure

In March, US Ambassador James Theberge, informed the Chilean authorities that the White House believed that the process of political opening up “had stalled somewhat” and hoped that it would resume in order to have an “authentic transition towards a stable democracy.”[9] If it were not known that Theberge was an ambassador who was a “friend” of the government, the remark would have been considered insolent—not to mention rather undue and unfounded interference—because the administration had already drawn up a Constitution providing an “authentic transition to a stable democracy.”

The violent protests of October 29–30, 1984, led the US State Department to avert that “the dialogue between the government and

the democratic opposition was an essential step in reversing the trend towards polarization and in developing the internal consensus essential to a transition to democracy."[10]

Nevertheless, the Chilean administration had to ensure, above all, its own stability. Consequently, on November 6 it decreed a state of siege. Secretary of State Schultz then declared, during an assembly of the OAS in Brasilia, that the Reagan administration is "very disappointed" by the actions of the Chilean government. Shortly thereafter, a group of congressmen of Hispanic origin from the House of Representatives of the United States visited Chile and tried to persuade President Pinochet to formulate "an early call for elections." Pinochet told them, "that matter, gentlemen, is our business, not yours."[11] And he should have added that the issue had already been resolved in 1980 through the new Constitution. American ignorance is abysmal with regard to the fundamental facts of many situations found in the countries with which they maintain relations, and in which the United States attempted to conduct or co-opt domestic circumstances in favor of the interests of the USSR, the main enemy that our country had to confront and resist in those days.

A Great Social Effort

The debt crisis generated by the reduction of three-fourths of the flow of foreign currency coming into the country between 1981 and 1982–1983 hit the debtors owing dollars harder, but also scourged the poor, because unemployment in 1982 and 1983 had reached unprecedented levels. That is why, in May 1984, Pinochet reported on the work done to alleviate unemployment and that during the May-June period of 1983, and the December-February period of 1984, 190,000 productive jobs were created.

This feat was accomplished without considering the minimum employment (PEM) and heads of household (POJH) programs, which benefited more than sixty-five thousand people during the same period.[12] He pointed out that there were six hundred thousand unemployed people who could not wait and announced a solidarity

campaign for work, along with calling on workers not to press for increases in salaries that would only aggravate unemployment.[13]

The Communists in the Armed Struggle

In its clandestine national congress in November 1984, the Communist Party ratified the decision to advance in its armed struggle. This action had been declared in 1983 and its central committee contemplated it for execution during 1985, when they already considered that a "generalized insurrection" or popular rebellion would take place, wherein the so-called "bourgeois parties" would be incorporated.

These communist decisions had important institutional consequences, because littered within the ranks of popular opinion that had supported the military government, made them victims of fear. Those feelings were provoked by extremist violence and the affected people speculated about what might happen if it triumphed. Indeed, the sacrificial victims would end up being the civilians who had supported the military administration. And they believed it.

I remember in those years the meetings of the founding group of the magazines *Portada* (*Front Page*) and *Qué Pasa* (*What Happens*), which we had kept going since 1970, where one of the founders whose opinion was most respected rendered his judgment regarding the case. He warned us that, if a regime change took place, "they were going to hang us all from the streetlights" for having sided with the military government. At the root of things, fear—a deep-seated feeling among the political right in all its facets—was what had led to the search for "soft landing" agreements with the left. That term was once used by a former National Party senator at a luncheon that I attended the previous year at the headquarters of the newspaper *El Mercurio*—an event that I referred to in the preceding chapter.

The National Accord, which emerged as a result of the internal upheavals caused by extreme leftist terrorism that was sheltered under the umbrella of "peaceful protests," was nothing more than the externalization of moderate civilians' fears, who saw themselves as becoming hapless victims in the not unlikely event that the military abandoned power. Alternatively, if they had helped with the task of

convincing the military to leave power, those who took over later would then “forgive them” for having called on the military to act in 1973 and for having been supporters of its government.

Communist terrorism was planned years before in Moscow by Volodia Teitelboim, Gladys Marín, and Orlando Millas, communist leaders and members of parliament. It stemmed from their pact to send young Chilean communists to a terrorist training camp in Cuba to later fight in Chile, as we have documented before, which in turn rendered painful realities here. Those young people were trained to kill Chileans and they achieved their objective. Yet not just a few of them lost their lives in the undertaking.

Results of Communist Aggression

In the Spanish edition of Wikipedia, the *free encyclopedia* of the internet, under the article entitled “The Military Government of Chile 1973–1990,” is listed what Chilean communists achieved in 1984:

> On March 31st a police bus in Santiago was destroyed by a bomb, killing one *carabinero* and wounding eleven others. On April 29th, *MIR* guerrillas detonated eleven bombs, derailing the metro and wounding twenty-two passengers, including seven children. On September 5th, a guerrilla fired on and killed Lieutenant Julio Gómez Rayo in Copiapó. On November 2nd, a bus of *carabineros* was attacked with grenades during the cycling tour of Chile and four *carabineros* died. On November 4th, five guerrillas emerging from a van threw bombs and fired automatic weapons at a suburban police station, killing two *carabineros* and wounding three more. A month later another *carabinero* was killed in a similar attack.”[14]

At the beginning of the year, the communists had announced: “‘The year 1984 is shaping up as the year of great mobilizations among the entire population… The national strike affecting commercial activities will emerge from all corners as an unpostponable onus… No part of the country will remain without its population being organized into bands…that unite the people and

project it as an incontestable force.' The Christian Democrats did not delay in following in the footsteps of the communists, and the Democratic Alliance agreed from mid-January to institute 'open enrollment.'"[15]

After causing disturbances during President Pinochet's visit to Punta Arenas, bombings escalated in Santiago, Valparaíso, Viña del Mar, Quilpué, Concepción, and Talcahuano—unleashed simultaneously. Too, a "peaceful protest" was being prepared for March 27, prior to what should be a revolutionary national strike. Already on March 8, Radio Moscow announced that a "joint committee" of the Democratic Alliance had been created with the Marxist MDP, made up of communists, socialists, and *miristas*.

Former Christian Democratic Chancellor Gabriel Valdés said, "In acts of social mobilization we do not see any drawback in seeking agreements." That was a tacit confession that without violence nothing would be achieved. In the end, it turned out that neither would anything be achieved with violence. The Communist Party circulated a *Manifesto to the Armed Forces*, calling them to the "patriotic task of putting an end to the dictatorship."

Already a horde of two hundred foreign correspondents had been interspersed into Santiago with the expectation of a bloody revolt unleashed by the Communist Party in the "peaceful protest" of March 27. Yet in the final analysis, that day's clashes were less violent than previous ones had been. Twenty-four police officers were injured, there were blackouts and looting, five people were killed in various flare-ups (some sources said ten) and Volodia Teitelboim boasted that they had successfully used "the most diverse forms of struggle."[16]

On March 29, an armed attack was perpetrated against a local police station of the carabineros, with one subversive killed and three policemen injured. On the thirtieth, a bomb murdered a *carabinero* and injured another eleven and three civilians. And on April 12, an Army sergeant was killed and there were bombings almost every day until the end of the month.[17] From Moscow, the Chilean communist leaders boasted that in just five months of 1984 they had consummated 238 attacks, over against 200 the previous year. What

a remarkable advance! It must have represented what they still call "progressivism."[18]

And so, the protest of May 11 came, but the national strike did not take place. With only one death, the protest was considered "a failure." The surrogate president of the *CUT*, Christian Democrat Ruiz di Giorgio, said, "With this day a successful cycle of the protests called by the command is closed. Now it must be the whole of the political opposition that designs new actions of social mobilization." Amid the attacks, bombings, lootings, blackouts, and subversive raids, an almost amusing Andrés Zaldívar declared: "The central problem of Chile is not communism," just when the reality of the facts indicated that it was indeed the worst trouble of all.[19]

The "Day for Life" of the Cardinal

On August 9, 1984, Cardinal Silva Henríquez called for a day that he labeled "Chile defends life." The *Vicario de la Solidaridad* ("Vicar of Togetherness"), Ignacio Gutiérrez, spoke at the ensuing press conference, who later would hang up his religious garb and incorporate himself into Spanish Marxism.[20] The day had to be held on August 9 and, as usual, on the days prior several terrorist attacks were perpetrated. Radio Moscow "reported with satisfaction that in only two days, on August 6th and 7th, more than thirty bombs were set off in eight cities of the country."

On the appointed day, the demonstration was carried out with a scenography commissioned by the Roman Catholic Church to Patricio Madera, a member of the communist brigade Ramona Parra. What was the result? In Santiago and several other cities there were incidents of varying severity: bombs were detonated, barricades were erected, and there were massive attacks against the *carabineros* in Valparaíso. This religious "day for life" ended with one dead, ten civilians hurt, and several police officers injured.[21]

Four More “Peaceful” Protests and Twenty-Four Deaths

Into this communist strategy of popular rebellion, four other protests were incorporated throughout 1984. The plain truth was that the only thing that the concessions granted by interior minister Jarpa achieved had been to radicalize the military government’s opponents.

But there was a paradox. On the domestic level, the protests did not harm the government, which represented legitimate authority. Conversely, those who protested personified the disorders, incendiary barricades, power cuts, threats to move around freely, and insecurity in many neighborhoods and towns—all of which perturbed the majority of citizens.

However, at the international level, the inevitable repression, propagandistically exaggerated by a left-dominated press, increased both the repudiation of the military government and the fear of Western governments to appear in any way supporting the junta—beginning with the Reagan administration itself. Recall that from the first day of the junta’s establishment, the KGB had been concerned to make a global campaign against it. Remember, too, that the Americans were always among the first to fall into the propaganda web of the KGB.

The historical irony was that the administration of which the KGB was a part came to an end a year before the Chilean military government did—and in this case according to its institutionally planned time. Conversely, Soviet totalitarianism was expelled from power by a coup d’état like the one that, precisely, international communism had been forging in Chile for sixteen years.

Nonetheless, the communist thesis of popular rebellion found surprising allies: even the moderate opposition leader himself, Christian Democrat Andrés Zaldívar, who had managed to return from exile thanks to the concessions promoted by Jarpa, spoke as one yearning to generate “ungovernability.” What a beautiful and constructive role for a politician! In the 1984 protests, an army lieutenant died, too, confirming that the country was not merely

facing unarmed civilians. Nevertheless, all the victims derived from the opposition's bloody disorders would end up being charged to the account of the military government.

Even Father André Jarlan was killed, a French priest who did his apostolic work in the town of La Victoria (Santiago), who had resolved to distance himself from the September 1984 protest. He had shut himself in on the second floor of the parsonage in order to focus on his biblical reading when he was struck by a stray bullet—a shot in the air from a *carabinero* who felt threatened in the street by some extremists. With terrible luck, the projectile careened off a tree branch, then off a wall, and finally entered the priest's room through a window where he was sitting, hitting him in the head. He died while reading the *Book of Psalms*.[22]

Union Elections in the Copper Mining Industry

The Copper Workers Confederation held union elections and the winners were leaders of the political parties declared to be in "political hiatus": the Christian Democratic Party, the Communist Party, and the Socialist Party. In the main state-owned company Codelco, run by the government, however, was found the main focus of political opposition to the same government. Indeed, the top trade-union leader, Rodolfo Seguel, won national and international renown precisely because of that emphasis.

Not surprisingly, in spite of Punta Arenas' lack of connection with copper mining, being located in the extreme southern part of Chile, it was Seguel, the copper workers leader, who headed there local public demonstration protesting the government. That event has remained unprecedented in that part of Chile ever since the military revolution commenced. Seguel announced that the command chaired by him "would promote a very large campaign throughout Chile, such that what was done in Punta Arenas would be repeated throughout the country."[23]

Accordingly, starting at the end of March 1984, street fires, barricades, and bombings were resumed. The acts that took place that month left six dead and more than thirty injured. There were two hundred detainees, too.[24] In fact, what was increasingly seen as a

“mobilization” resulted in paralyzing business activity, because retail shops, offices, and industrial plants feared for the safety of their staff and their establishments. Hence, they closed down in order to avoid problems, especially because collective public transportation, whose businessmen also feared damage to vehicles resulting from violence, withdrew their service assets from the streets early.

Synthesis Regarding Extremist Violence

Since the extremist armed challenge has been eliminated from the “official history” that has been imposed on Chile, with respect to the period 1973–1990, I am going to leave it to Gonzalo Vial to describe the opposition’s violence. He became a critic of the military administration in the matter of human rights, after being education minister, transforming himself into a true prosecutor of the government of which he was once a member. He wrote in his capacity as member of the biased Rettig Commission during 1990–1991.

President Aylwin had sought to “balance” the Rettig Commission with some right-wing, pro-military government people that would likely have been in favor of this regime. He offered the position to ex-senator of the National Party, Francisco Bulnes Sanfuentes who, knowing the real purpose of Aylwin, rejected it. Then, he offered it to the distinguished lawyer Ricardo Rivadeneira, former president of the RN—a party related to the military government. He also knew the score and rejected the offer. The third option was Gonzalo Vial Correa, former education minister under Pinochet, dismissed in 1979 without explanation. He took the Rettig Commission job. Another member of the Rettig Commission once told me, in private conversation, and therefore I will not give his name, that within that group, Vial was hardest on the administration of which he had been a part of. Well, this severe critic thus described the extremist actions in the period under consideration:

> Throughout 1983 and 1984, powerful bombs were set off in the streets, public and private buildings, restaurants, municipalities, and neighborhood centers, along with electrical towers and poles, oil pipelines, telephone booths,

> minibus booths, and taxis, etc. Almost always these explosions resulted in generating victims, sometimes numerous ones, e.g., in the Santiago Stock Exchange (twenty-one injured, six of them seriously) and Rancagua regional *Intendente's (*Governor's) offices (twelve seriously injured). Vehicles used in public mass transit and even a train, the Santiago-Linares express, were assaulted or attacked with Molotov cocktails or firearms: e.g., the *FPMR* murdered the Santiago-Linares train's engineer and robbed its passengers. Eight people were killed by terrorism during that period.[25]

Remember, in order to judge the seriousness of the terrorist challenge in 1984, that in all of 1978 there were just nine communist-violence-related deaths in the country and in 1982 only eight were derived from the confrontation of subversives with the police.[26] Now, in 1984, there were eight in only a few months and all of them were victims of communist terrorism. Note that in the end, all the terrorists who committed these ghastly acts were pardoned under the government of Patricio Aylwin in 1991. Conversely, many of the agents of order charged with confronting them are currently serving prison sentences or are being illegally prosecuted—even down to the present day (2019).

Antiterrorist Legislation

At the beginning of 1984, the president had sent to the junta a draft of the anti-terrorist law, prepared by the ministries of the interior and justice, highlighting "the importance of the existence of a law which, in an organic manner, deals with terrorism; indeed, the appearance in our country of terrorist activities with serious consequences for the population, which have also cost the lives of public servants."

The president warned that the mere enactment of laws does not serve to defeat terrorism, but that doing so does provide "an indispensable set of legal tools that allow for flexible and adequate sanctions, highly specialized and efficient organisms, all within a framework of justice and in accordance with the rules of law." He

highlighted that the project had been inspired by recent legal instruments enacted in Spain, Italy, Germany, and Peru.

The project defined terrorist behavior, in general, as that which has "the purpose of creating panic or fear in the population with the ulterior motive of seeking the attainment of subversive or revolutionary ends." The penalties that it contemplated ranged from long prison sentences in its minimum degree to the death sentence, relying on the military courts to handle terrorist crimes.

The press acknowledged that the process of the initiative had accelerated due to the multiple attacks that had cost the lives "of several *carabineros* and caused enormous property damage."[27] Finally, on May 16, 1984, the anti-terrorist law was enacted. There was concomitance between the national and international (i.e., USSR and Cuba) communist resolve to continue to promote armed revolution in Chile and the strengthening of rules used to confront such violence.

Penultimate Protests

Yet it was only in 1984 that the opposition was convinced that the "peaceful protests", that were not truly peaceful, did not serve to bring an end to the administration. Opponents wanted to "take the chestnuts out of the fire with the cat's paw" (the *FPMR*). They thought that a general insurrectionary state of affairs was going to result in the resignation of the president and the junta, and that they would win the earlier-than-planned elections that were going to take place. Indeed, the communists thought that an insurrectional setting was going to give them the power to install their "dictatorship of the proletariat."

The bloody scorecard for the four protests of 1984, out of a total of eleven (since the series started in 1983), reads as follows: March 26 and 27, six dead; September 4 and 5, nine people killed, among them an army lieutenant; October 27, only wounded; and October 30, nine dead. These were the penultimate protests and they did not bring down the administration, but rather cut off its disposition to make concessions. Interior minister Sergio Onofre Jarpa resigned with the pretext of the *ad limina* visit of Chilean bishops to Rome to

meet with the Pope. On that occasion they met with exiled socialist hard-liner, and former foreign minister under Allende, Clodomiro Almeyda, along with Volodia Teitelboim, former communist member of parliament and a staunch promoter of the *FPMR* training young Chileans in Cuba.

In addition to Jarpa, following the "pendulum swing law," the interior minister's torch was going to pass to "the rock," Hugo Rosende. But he desisted at the last minute. Labor minister Hugo Gálvez also resigned, a man who had followed the Jarpa line and who had proposed a "social opening" parallel to the "political opening" undertaken in the Interior. He was replaced by Alfonso Márquez de la Plata, a hard-liner who handed over the General Secretariat of Government to young lawyer Francisco Javier Cuadra, also a "hard rightist" of the new generation. He would gain a surprising degree of confidence with Pinochet, having considered the openness ideas of Jarpa to be "a total disaster." He was in favor of prolonging the administration beyond 1989. And he had the ability to convince Pinochet that doing so was possible.

Paradoxically, the resignation of Jarpa could not take effect due to Rosende backing out, after having initially accepted the interior minister role. Consequently, a few months of difficult coexistence devolved from Francisco Javier Cuadra, who had been sworn in as minister for the general secretariat of the government on November 6, recommended to the president by Sergio Rillon. Jarpa and Cuadra postulated two incompatible political strategies.[28]

In fact, Cuadra overtook Jarpa, with the approval of Pinochet, and the day after his swearing in, a state of siege and curfew were decreed in Santiago. All opposition magazines (the majority of "which were against the government) were suspended, except the Christian Democrat's *Hoy* ("Today"), which was previously censored. Moreover, the visa of Spanish Jesuit Ignacio Gutiérrez, the Vicar of Solidarity, was cancelled. He was out of the country at the time and for that reason could not return. Gutiérrez was about to be decorated in Vienna by Austrian socialist premier Bruno Kreisky, who had already demonstrated his animosity against the junta in its early years (see the chapter I).

Monsignor Fresno issued a protest over Gutiérrez re-entry being prohibited, but the government prevented it from being published. Times were new. The worst part was that all this happened after Jarpa had recently returned from reconciling with the bishops during the *ad limina* trip to Rome, in which they all met with the aforementioned communist leaders. As expected, there was a violent verbal clash between Jarpa and Cuadra, but in the end the latter prevailed.[29]

How distant did the times of 1975 seem! In that year the standing committee of the Episcopate had declared:

> We recognize the service rendered to the country by the Armed Forces, by freeing it from a Marxist dictatorship, whose rise seemed inevitable, and that would have been irreversible. It would have been a dictatorship imposed on the majority of people in the country and then crush them. Unfortunately, many other events that the supporters of the past government criticize and regret, created a climate of sectarianism, hatred, violence, ineffectiveness, and injustice in the country, which led Chile to a civil war or a resolution through force of arms. What happened in so many other countries in the world where Marxist militias have imposed or tried to impose their dictatorship against the immense majority of its inhabitants, and not infrequently with foreign aid, was a clear warning of what could happen in Chile. That these fears were not a thing of the past is demonstrated by, among other things, the current situation in Portugal or what can be suspected to be occurring in South Vietnam or in Cambodia. It is evident that the immense majority of the Chilean people had not wished or continued to wish to follow the fate of those countries that are now subject to totalitarian Marxist governments. In that sense, we believe it is fair to acknowledge that the Armed Forces properly interpreted the will of the majority on September 11, 1973, and in doing so they set aside an immense obstacle to peace.[30]

In ten years, the hammering of leftist propaganda had also taken its toll on the Roman Catholic Church in Chile, just as it had on a

significant number of other inhabitants of the country and on international public opinion.

Enervation of the Violent Path

An opposition seminar, held in July 1984 at the Hotel Tupahue in Santiago, provided the first signs that the communist armed route was fatigued. Organized by the Center for Humanistic Studies, an entity led by Francisco Cumplido, a Christian democratic jurist, whose academic coordinator was his party comrade Gutenberg Martínez, a debate was proposed: “An institutional-juridical-political system for Chile.” The topic was apparently superfluous, because the 1980 Constitution had established such a system and it was in force.

To be precise, the country was transitioning to integral democracy—the only “transition” that occurred after 1973. Notwithstanding that fact, many continue to assign that designation to the post-1990 period, wherein Chile had no further transitions other than successive constitutional reforms—all perfectly normal and in conformity with the current Constitution.

In that seminar, Alejandro Silva Bascuñán spoke. He was a Christian democratic jurist, noted for having proved and shown the legitimacy of the military government (see chapter I) soon after its inception, but who, like a good Christian Democrat, had already evolved by 1980 into travelling with the wind at his back. Other presenters included: Carlos Briones, moderate former minister of Allende; Manuel Sanhueza, Radical Party lawyer from Concepción; Francisco Bulnes, former national senator and former ambassador of the junta in Peru; Enrique Silva Cimma, radical leftist and former Comptroller; Sergio Diez, former National Party senator; and Patricio Aylwin, former senator and former president of the Christian Democrat Party.

José Piñera, Edgardo Boeninger, Jorge Precht, Ignacio Balbontín, and Hernán Vodanovic commented. In their book *Pinochet y la Restauración del Consenso Nacional* (*Pinochet and the Restoration of the National Consensus*), Julio Canessa and Francisco Balart described the situation as follows:

The final speech was given by Patricio Aylwin, who occupied the vice-presidency of his party as representative of the “fatties” faction, at a table presided over by Gabriel Valdés, leader of the most rebellious bloc, that of the “long-hairs.”… Neither his ideas nor his person had at that time a large audience in his party. Cumplido and Martínez organized this seminar, among other reasons, to give him a platform to express his ideas about the transition. On the afternoon of the 28th, Aylwin dramatically interceded with the leaders of a country “with a shattered soul.” “We are going”—he said—“to become a Tower of Babel in which everyone speaks their language, without caring or understanding what others say.” In those circumstances, there were only two exits, according to the former Christian democratic senator: either civil war or peaceful solutions, through legal-political means. “The legal-political way out of this situation will be”—said don Patricio—“the way which manages to overcome divisive factors via discovering and reinforcing what unites us and sacrificing what separates us. It is about being capable people, using realism, audacity, imagination, and courage, through political settlements and juridical formulas, in order to promote what Ortega y Gasset called the unity of opposites.” At that point of his talk, Aylwin introduced his most controversial idea. He explained: “Put to the task of finding a solution, the first thing is to set aside the famous dispute about the legitimacy of the present administration and its Constitution. Personally, he said, I am one of those who consider the Constitution of 1980 illegitimate. But just as I demand that my opinion be respected, I respect those who think differently. Neither can I pretend that General Pinochet recognizes that his Constitution is illegitimate, nor can he demand that I recognize it as legitimate. The only advantage he has over me in this regard, is that his Constitution—like it or not—governs. This is a fact; it is part of the reality that I abide by. Just how can this impasse be overcome without anyone being humiliated? There is only one way: deliberately avoiding the issue of legitimacy.”

> The thick silence of the assembly could be cut with a knife. It was not for naught. The thesis proposed that day by Patricio Aylwin introduced a conceptual break that modified the whole perspective and *modus operandi* of the Chilean transition. He redefined it. He tried to alter the present administration, while accepting a certain continuity of official political reality.[31]

People Ask for a “Hardhanded” Policy

Pinochet was constantly traveling about the country, and the people who suffered the effects of extremist terrorism were asking for a “hardhanded” policy. There was a rebirth of subversive elements, evinced by the arrival of Cuban-trained communist guerrillas. In March, the director of the investigative police, retired General Fernando Paredes, expressed: “It was very clear and was represented by the way in which the facts were unfolding; one day there was a power outage, strikes on high voltage towers; the next day there was an assault on individual, then an offensive, later an action against a *Carabineros* unit, this set of particulars constituted the communist plan.”[32]

All told, in the “year of openness,” the number of bombings rose from 173 to almost 1,700. When six *carabineros* were killed, Pinochet decreed a state of siege and ended the dialogue with the hard Left. Jarpa tendered his resignation, although it was not etched in stone. And that was what the communist plan achieved—nothing more.[33] The state of siege lasted six months, beginning on November 6, 1984, and the Communist Party provided the executive with very good arguments to do so. Its armed wing even published its “political project:”

> The *FPMR* concluded that the Pinochet “regime” could only be efficiently confronted and defeated by using all forms of struggle, including that by force of arms; for this, precisely, our front has been constituted: to militarily lead the people in their struggle to their ultimate victory.[34]

In the end, there was no national strike, because on the announced date the only phenomenon that was noticed was an intensification of terrorist aggression. Apart from that fact, the country was functioning normally, and what people beseeched Pinochet to do (during his visits around the country) was not step down, but rather to use a “hardhanded” policy against terrorism.

> The resounding failure of the national strike on October 30, 1984, carried out by “all means of struggle,” which was projected to be highly decisive, led the communists to sharply intensify their terrorist activities. Frustrated and furious, the armed commandos of the Communist Party soon attacked a police bus in Valparaíso on November 2nd, killing four *carabineros* and leaving twelve wounded. The following day two other policemen were murdered in an assault on a *Carabineros* station in La Cisterna.[35]

In short, on October 11, mass protests did not materialize anywhere. The permanent national strike of October 31 was neither nationwide nor indefinite, but instead revealed itself through a series of attacks. Moreover, the last national day of protest of the year, which had been set for December 12, only made the news because the *FPMR* detonated a bomb within the “wheel” (specialist’s order desk) of the Santiago Stock Exchange at noon, injuring over twenty people, six of them seriously. That bomb was preceded, on December 6, by a statement of Bishop José Manuel Santos from Concepción, wherein he revealed that the country was “on the verge of a social explosion.”[36]

The predictive power of the prelate was noteworthy because there was indeed an “explosion,” and it was “social” in nature since the stock exchange, at noontime, always boasted of conspicuous representatives of Santiago’s high society. People from this social class were seriously injured. Thus, the year of the nationwide strike ended without any such strike and just more bloody violence.

A Blow to the Economic Course

Finance (treasury) minister Carlos Cáceres favored an emergency economic program, with harsh measures employed, in order to finally overcome the crisis and attain a favorable renegotiation of foreign debt, both public and private. He had decided to grant government backing to the latter category of debt—or, better said, he was obligated to comply with such terms—as a cost of getting more credit.

But the exigent program of Cáceres received a death blow from Pinochet himself when, on April 2, 1984, he was replaced in the cabinet by Luis Escobar Cerda, an economist close to the Radical Party and critical of more libertarian policies. Yet it represented what interior minister Jarpa perceived to be the "realistic and pragmatic" means of getting out of the crisis.

Escobar Cerda was, then, undoubtedly an appointment backed by Jarpa, before losing his influence in the government and when he still imposed not only new political agendas, but also novel socioeconomic ideas, i.e., new techniques to emerge from the crisis. From an economic point of view, it was like going back forty years in time. In my column for *El Mercurio* I wrote, "I do not understand anything at all," after Carlos Cáceres' resignation was requested. In public statements, I was included among "the widows of Carlos Cáceres" by Domingo Durán, a union director who sympathized with the Radical Party and who supported Escobar Cerda. In short, the removal of Cáceres was considered by many as the government's abandonment of the socioeconomic model that had made possible the internationally recognized—albeit now in crisis—Chilean miracle.

Along with the resignation of Cáceres, engineer Modesto Collados Núñez joined the Ministry of Economics. In his recent past, he was tight with the Christian democrats, but was now independent. Collados collided months later with Escobar Cerda while trying to evoke his ministerial powers—when the head of the treasury unilaterally devalued the peso and generated high inflation in September 1984. That mess would weaken the finance (treasury) minister and lead to his remaining days being numbered.

Lawyer Miguel Ángel Poduje was appointed as housing minister, who over time would become the most popular of the cabinet's members, managing the housing subsidy policy with skill and efficiency, which in turn generated many new property owners. Overall, the "softening" of the economic program had had its political program counterpart. Already a month before requesting Cáceres' resignation, Pinochet himself, surprisingly, but only by word of mouth, had opened the door for a partial repeal of the itinerary contemplated under the transitory articles of the Constitution, by considering the possibility of having parliamentary elections in 1987, two years before the date contemplated in the charter.[37] But the junta did not like the idea of its anticipated demise, which resulted in Pinochet's retort: "I always have to take responsibility for everything that happens and face negative criticism within Chile and without it. You, on the other hand, do not have to show your faces, and when I promote some institutional advance, you do not cooperate."[38]

Of course, when adversaries proposed replacing Pinochet, the junta was lukewarm. When he proposed to replace the junta, it immediately boiled over. But Merino was categorical: "Either we all go, or nobody does." Actually, such a compromise was hardly justified. Patricio Aylwin himself had said in 1984: "I am willing to accept the current institution in order to change it." Why change it, if one's adversaries had already accepted it? With that remark, it was Aylwin who buried the National Accord.

Jarpa and Escobar Cerda

The duo formed by the interior minister, former senator and former president of the National Party, Sergio Onofre Jarpa, along with the new finance minister who succeeded Carlos Cáceres, Luis Escobar Cerda, came from very different political perspectives. Jarpa from nationalism and Escobar Cerda from radicalism, currents of opinion that at any given moment (presidency of Ibáñez, 1952–1958) were irreconcilable adversaries. But in 1984 they converged.

Jarpa, I heard him say at a luncheon at *El Mercurio* soon after taking office, had become very critical of the economic model and partisan of another one, "like the radical governments of the 1940s."

He said it that way and with those words. Apparently, he convinced Pinochet of that idea…to the extent that Pinochet could be convinced of something. Well, but in this case, in fact, he named a Radical Party affiliate to the treasury.

Luis Escobar Cerda was, indeed, *radical*, but leaned toward the Right. He had been Jorge Alessandri's Economics minister in 1963–1964, when that president had already abandoned the hope of a good right-wing government and had renounced his own free market model and a fixed exchange rate, being resigned to just "a possible government." Because, in the parliamentary election of 1961, both parties that supported Alessandri—liberal and conservative—had lost strength in Congress and were not even guaranteed one-third of the congressional votes required to prevent the demagogic imposition of legislation and wiping out any prospect of socioeconomic prudence. Then, to maintain that one-third backing in Congress, Alessandri needed the support of the radicals and thus placed some of them in the executive branch. Hence, Luis Escobar Cerda entered his cabinet.

Twenty years later Escobar Cerda, in 1984, made typically radical economic concessions. He issued Decree No. 618, which established tariff surcharges on 234 products, i.e., he protected them from foreign competition. He did not repeal low and matching tariffs, but in fact raised them and differentiated them. By the way, both Jarpa and Escobar Cerda set out to remove student union members following Guzmán and the Chicago Boys from numerous government positions. Sergio Fernández wrote of Escobar Cerda in his memoirs: "He is an economist from another era, from another school, but with his twists on orthodoxy he has shown that there are no easy or painless solutions."[39]

I wrote in my column for *El Mercurio* on July 25, 1984, the following remarks regarding the relief they received as a result of abandoning orthodoxy, such that many domestic sectors ended up in trouble: "Good. It seems that there is nothing to do but to congratulate ourselves that so many good comrades working in textiles, footwear, metallurgy, electronics, paper products, cookie baking, chocolate confectioning, winemaking, pisco making, liquor sales, and others whose names I do not want to forget and can be found in Decree No.

618, have attained a better life, along with the low and fair tariffs. In the moment of justified euphoria for their victory. However, I want to express to you who will benefit that even if I did not contribute to your joy in any way beforehand, you can count on me to do so in the future—through, of course, buying your products at prices at least 15 percent higher than they used to be." Economic policy had returned to embrace the same policies "like the radical governments" promulgated in the 40s.

Balance of the Concessions of Jarpa

Interior minister Jarpa formulated multiple measures of political detente, beginning by decreeing the end of exile for 1,600 people who could not return to the country. In fact, in their totality they had not been exiled, but had obtained asylum in other countries in order to avoid being prosecuted in the Chilean military justice system. But once they had left, the prohibition to return was ordered. Important figures were included in the readmission list, such as Andrés Zaldívar, who had been forbidden to reenter in 1980, and Jaime Castillo, who had been expelled extraordinarily. Even former Communist leader and former parliamentarian César Godoy Urrutia took advantage of the option to return.

Jarpa was also instrumental in allowing the opposition's press to circulate. So much so that at one point there were more anti-government political magazines than those that supported it. In 1984, the owner of *El Mercurio* and then editor of the newspaper, Agustín Edwards Eastman, asked me to attend a meeting in San Antonio, Texas—along with him and lawyer and journalist Tomás P. McHale—of the Inter-American Press Society (*SIP*), where a routine vote was being prepared to declare that there was no freedom of expression in Chile.

However, I asked for an opportunity to address the assembly—probably generating some discomfort in Agustín Edwards, although he did not mention it to me afterward—to explain how it was that, allegedly not having a free press in Chile, the circumstances were such that the publications opposing the military government were more numerous than the ones supporting it. I quoted, to that effect,

showing examples of the same ones that I brought with me, often featuring articles bloodthirstily critical of the administration, including magazines like *Apsi*, *Cauce*, *Análisis*, *Pluma y Pincel*, *La Bicicleta*, *Fortín Mapocho* (daily), and *Hoy.*

There was an ominous silence in the room and the president explained to me that, insofar as the Inter-American Press Association was concerned, in any country there either was or was not freedom of the press. No middle-of-the-road or intermediate options were taken into consideration. Thus, in Chile, even though the opposition's numerous political magazines that made up the majority of publications sold and circulated, for the *SIP* there was still no freedom of the press.

I starred in a similar scene four years later at another *SIP* meeting in 1988, which took place at the Crown Plaza Hotel in downtown Santiago, where the military government was likewise going to be condemned for not permitting freedom of the press. There, too, I produced evidence by showing examples of media opposed to the administration that were being published at the time, among them the newspaper *La Época* directed by Emilio Filippi, who had just delivered a long speech condemning the military government before the assembly. After my speech was recorded, a single (literally) applause occurred. It came from one woman, a well-known journalist (whom I am not naming, having changed her political position later on), who prudently did not dare to continue applauding alone. And nobody else said anything. Nobody even replied to me. The assembly then proceeded to condemn the military government for not allowing freedom of the press.

Jarpa also put a *de facto* end to the political hiatus. Activities of a political nature began to develop spontaneously, and television began to present opinion programs in which opponents and supporters of the government participated. I was interested in taking part in several of them, too. In particular, I remember one in which the "renewed" socialist leader and later senator and president of his party, Ricardo Núñez, affirmed that during the military government more people had died than in the War of the Pacific that occurred between Chile and the combined forces of Bolivia and Peru, 1879–1883, a statement that was refuted in 1991, for the Rettig Report and

the subsequent national commission for reparation and reconciliation, accounted for 3,197 deaths in almost seventeen years, including 423 victims of “political violence”—a euphemism with which these reports disguised the number of people killed by extremist fire or bombings.

In the end, as a result of the termination of the political hiatus, the Independent Democratic Union, the National Union, and the National Advanced Union were founded, all movements in favor of the administration, albeit to different degrees.

Elections for the Federation of Students of the University of Chile

As part of the policy of political openness, the government did not place any obstacles in the path of holding elections within the student federation of the University of Chile, the last of which had taken place in 1973. Two lists of candidates faced off, representative of political movements, because partisanship could never be eradicated from that university.

First, the opposition list, a product of the union of the Christian Democrats with the Socialist Party and the Communist Party (the existence of which disproved the legend that had originated from the KGB and Radio Moscow, that these latter two had been “suppressed by the dictatorship”). Their representative was Yerko Ljubetic. The other list was comprised of supporters of the government, forming the so-called University Front, and composed of student union members, nationalists, and Humanist Party members. The victory belonged to the opposition, which received 9,022 votes versus 2,127 for the University Front, distributed as 892 from student union members, 661 from nationalists, and 574 from humanists.

Escobar Cerda’s Relief Measures

In order to alleviate the dire situation of the debtors, Escobar Cerda began promoting a general renegotiation of debts, financed by the treasury. It covered almost all loans and relieved the “backpack” with which debtors were burdened.

Carlos Cáceres had already favored a renegotiation in 1983, but it was limited to 30 percent of debts. Now it was 100 percent and eight hundred thousand people benefited. The fiscal cost of the measure was enormous: opposition economist Patricio Meller estimated it at 30 percent of GDP between 1983 and 1985.

Considering the huge injection of state resources into companies and banks, opponents said, it is turning out that the state has become the owner of all the production units and financial entities. They asked, “What is the difference between what we have now and socialism?” The difference was that all those companies and banks were going to return back to the private sector, albeit to different owners than they had previously.

Be that as it may, a large number of those who were going to fail did not actually go bankrupt. A cousin of mine, a construction entrepreneur, told me then: “I always agree with what you write, but I will tell you one thing: if it had not been for Escobar Cerda’s debt relief program I would have drowned; the water had risen up to my neck. Now, thanks to the program, I was able to save myself.” As always, having an opinion is easy compared to actually having to deal with reality. By the way, as was mentioned before, the government enacted Decree No. 18,235, finally yielding to pressure from foreign banks, granting state backing for all unpaid private foreign debt, a *sine qua non* condition imposed on us in order to obtain new loans and to extend the terms of existing ones.

Escobar Cerda sought to finance the spending he had increased by three sources: additional foreign loans of US$280 million, running a public sector deficit equal to 4.5 percent of GDP, and increasing customs duties to 35 percent, i.e., he took a step backward in the process of opening up the Chilean economy, but it would generate important tax revenues.

The minister’s critics, among whom I was one, maintained that 1984’s growth, which had been high (5.6 percent) had been achieved with an excessive expansion in government spending. Doing so put pressure on the dollar and thus impacted it, increasing inflation—all of which would end up bringing a need for a new recessive adjustment. Indeed, Escobar Cerda was forced to devalue the peso sharply—by 24 percent—in September 1984. Inflation

began to accelerate at the end of the year (it was 8.2 percent in October alone) and the deficit of the current account of the balance of payments ended at over US$2 billion, when it was planned to reach only US$1.3 billion.

The devaluation of the peso occurred, as we previously saw, without consulting economics minister Modesto Collados, who was quite a character, and was aware of his powers. Yet he was out of the country in the moment. Collados resented having been excluded and decided to initiate an offensive to take the reins of economic policy, further weakening Escobar Cerda. The truth was that if Rosende had accepted the interior minister job, replacing Jarpa, Pinochet would have already been willing to replace Escobar Cerda with Hernán Büchi, the superintendent of banks and financial institutions. But Rosende's retraction in November 1984, permitted the Jarpa-Escobar Cerda pair to survive until the beginning of the following year.

Pinochet Encouraged Economic Criticism

At that time, I made economics-related comments on national television, at the request of the government through its minister Secretary General Alfonso Márquez de la Plata. My remarks had always been favorable to the policies of the Chicago Boys, but when they were contradicted by the arrival of Escobar Cerda, paradoxically, I continued to defend Chicago Boy policies, i.e., I criticized the government on its own television channel (TVN).

Alfonso Márquez de la Plata told me that Jarpa had asked him to suggest to Pinochet that he put a stop to my adverse comments being broadcast on TVN. But when Alfonso asked him about whether to transmit that order to the television channel or not, Pinochet said, "Just let it be." Hence, I continued to criticize Escobar Cerda's economic policy from the government's own station with the support of Pinochet. Likewise, on one occasion that same year, I was asked to give a lecture to the women of CEMA Chile on the economic situation in the Diego Portales Building—an institution headed by First Lady Lucía Hiriart de Pinochet. I caused a stir because I was critical of the new measures of the finance (treasury) minister. But I

went and gave my talk expressing that viewpoint, and nothing happened. It was obvious that *señora* Lucia agreed with my point of view, given that she had invited me to present it to an impressive number of women in the building serving as the headquarters of the junta.

Around the same time, Agustín Edwards, the owner of *El Mercurio*, where I wrote an undersigned column, in addition to being an in-house editor, also told me that interior minister Sergio Onofre Jarpa had asked him to stop publishing my column in the newspaper. My column came out on Wednesdays, just as it always had since 1982, which, naturally, was also critical of the economic policy changes favored by Escobar Cerda. Agustin told me that he had replied to Jarpa asking why he did not put a stop to my comments on TVN first. Jarpa replied that those comments only carried weight thanks to my newspaper column and if that were stopped, nobody would pay more attention to my television commentaries. But the then director-owner of the newspaper ignored Jarpa's request, possibly sensing that "the man in charge" (Pinochet) backed me up.

Concessions on the Trade Union Front

With Decree No. 18,372 (December 12, 1984), the government and the junta welcomed numerous union concerns, not all compatible with a flexible labor market, but representative of the concerns of the union leadership, usually inclined to the political left. That decree considered discrimination to be against labor law principles, forbade workers from giving up their legislated rights (i.e., voluntarily, in order to work more hours or on holidays), determined that while a contract is consensual it cannot be modified by individual negotiation if it was agreed upon through collective bargaining, established the conditions for the termination of contracts, set the amounts of bonuses and holiday or vacation pay, and determined that the minimum wage would not apply to those over the age of 65 (in order to alleviate their higher unemployment).[40]

The Contradictions of August

In March, the government did not deny the public announcement that it had accepted the idea of moving up the election of a Congress to 1987, an idea that Jarpa advocated. But as Pinochet biographer Gonzalo Vial recalls,

> August arrived accompanied by the most flagrant misunderstanding between the head of state and his interior minister. Pinochet told *The New York Times* that there would be no moving up of the date of congressional elections in any way and he said it was an error to have started the political dialogue so early. Yet, at the same time, Jarpa—who was out of Chile—praised the openness to change and reiterated the sooner-than-expected arrival of Congress… The difficult and delicate task was left to spokesmen to reconcile (badly) such contradictory statements.[41]

At that time, within the government, three currents coexisted with difficulty: (a) There were Jaime Guzmán's student unionists, who were persecuted by Jarpa. Too, there was (b) the bulk of the junta's civilians, with or without official duties within the administration, who were inclined to stick to the constitutional provision regarding the transition (i.e., that it had to end in either 1989 or 1990, depending on the result of the plebiscite of 1988, which was what ultimately happened). Then there was (c) the "hard" sector, led by justice minister Hugo Rosende, who had assumed office in December 1983, along with newly assigned high-ranking officials, such as minister general secretary of government Francisco Javier Cuadra (who "got along well" with the president) and the subsecretary of public works, Luis Simón Figueroa. These men supported a strategy which goal was that Pinochet would head the government indefinitely, without a specified end, albeit without specifying how that might come about. Pinochet himself had said at times that Rosende, upon the emergence of the slightest difficulty, would talk to him about "putting tanks on the street."

Disappointingly, the concessions made to the government's political and economic adversaries did not soften foreign pressure:

President Reagan, cooperating—incredibly—with the blockade against Chile headed by the USSR, studied the recommendation of the International Trade Commission to impose restrictions on Chilean copper being shipped to the American market. At the same time, international banks announced a rise in their interest rates, which increased the cost of foreign debt for Latin American countries.[42]

Taking advantage of the eleventh anniversary of the fall of Chilean communism on September 11, Minister Collados gave the president the text of a triennial development program that provided for public investment to hire more labor, a gradual policy of encouraging people and businesses to save, and a capital accumulation system for housing (with subsidies), along with a monetary policy that would keep inflation under control. It further included the rescheduling of debts for productive sectors and for consumers, which generated greater liquidity that favored highly driven economic agents.

Nonetheless, a few days later, finance (treasury) minister Escobar Cerda, announced an additional 24 percent devaluation of the peso, another increase in tariffs—from 20 percent to 35 percent, the suspension of the tax rebate, the reduction of budgetary expenditures, and pay cuts down to the lowest salaries of the administration. All these policies led to the price index “shooting up” and causing greater tension between Collados (in economics) and Escobar Cerda (at the Treasury).

Such dissension led to Escobar Cerda’s days being numbered. In addition, another situation was decisive, related by Jarpa himself, that would seal his departure and Escobar Cerda’s: “They told President Pinochet that Escobar Cerda had had a conflict with an IMF representative and that Chile had looked very bad in the view of worldwide monetary players. Pinochet told me ‘Escobar Cerda is out...how about you?’ ‘Yes, I am leaving too;’ and so it was, but all on friendly terms.”[43]

Combative Bishops

On July 16, 1984, the permanent committee of the Episcopate announced its document, *Gospel, Ethics, and Politics*, in which it

defended ecclesiastical participation in those combined fields. On August 9, the Spanish priest Ignacio Gutiérrez, who was in charge of the *Vicaría de la Solidaridad*, and who months later would see his reentry into the country forbidden, celebrated the "day for life." Paradoxically, on that day lives were threatened, with one person ending up dead, as well as ten civilians injured and several police officers wounded.

Going a step further, the ecclesiastical authority issued another document in October, "Vencer el Mal con el Bien" ("Overcome Evil with Good"), alluding to Romans 12:21, which insisted that hunger and violence were urgent problems, while in the medium term the return to democracy was of paramount importance. And in yet another further step, in November, an exile's meeting in Rome with Chilean bishops was organized, during which Monsignor Manuel Camilo Vial, in charge of the "pastoral of exile," declared that the military government "had been a huge trial for us to endure since 1973." Precisely because of this meeting, Vicar of Solidarity Ignacio Gutiérrez, was prevented from returning to Chile by the administration.[44]

During the *fiestas patrias* (Chilean Independence Day, September 18) celebrations, some politically aligned bishops, such as monsignors Santos (of Concepción) and Ariztía (of Copiapó), refused to celebrate the traditional form of *Te Deums* that were carried out in the rest of the country. In their place, both called for prayer masses for Chile. The respective governing authorities of Concepción and Copiapó thus chose to celebrate the *Te Deums* with their respective military chaplains, without the ancestral patriotic traditions being significantly undermined.[45]

The El Melocotón Land

In August 1984, opponents and ex-government supporters (such as the former minister Raúl Sáez, who attracted much attention) denounced as scandalous Pinochet's acquisition of building sites totaling two hectares (five acres) around his eleven-hectare property in the area near the foothills of El Melocotón, forty kilometers southeast of downtown Santiago, near San José de Maipo. The

head of state clarified that he acquired them after selling his property in Laura de Neves, within Las Condes, northeastern Santiago, and had obtained a loan from the national defense forecasting fund.

The allegations were based on the fact that they were government plots of land that had been left over after the construction of a public road, which was initially purchased in his name by Lieutenant Colonel Ramón Castro Ivanovic, the private secretary of the president, who in turn sold them to him. The scandal attained national and international notoriety, so Pinochet finally decided to donate the parcels to the Army. In doing so, the case disappeared and, perhaps, should never have reached the degree of notoriety that it did.

Inter-American Commission on Human Rights

The politicization of the debate on human rights in the Organization of American States and, in particular, in its commission on human rights led the military government to announce in November 1984 that it would no longer permit an observer from that organism to visit the country. The Chilean delegation to the United Nations, aware that the country had been unfairly accused year after year, merely for political purposes and alien to the real situation of human rights in its territory, proposed a generalized and worldwide egalitarian surveillance with respect to human rights.

Pinochet had already put forth that idea in previous years, based on the fact that such rights in Chile were mainly threatened, not by the administration, but by extreme Left terrorist guerrillas. Since the mid-1960s, they had sought to inaugurate a totalitarian system that, to thrive, would generally violate the aforementioned rights. That had happened in all the nations that it had subjugated so far. Thus, Chile proposed to the world body the creation of a high commissioner for human rights that would give state guarantees of objectivity and “that might develop a universal and apolitical function, free of passions and nestled within a framework of total independence.”[46]

The Treaty with Argentina

The government's patience was rewarded for its goodwill in its relations with the neighboring country and its willingness to put up with thorny situations—such as granting safe conduct to four terrorists holed-up in the Nunciature who were responsible for the murders of General Carol Urzúa and two of his bodyguards—so as not to deteriorate its relations with the Vatican. The trophy came in November 1984 when six years of negotiations ended with the signing of the Treaty of Peace and Friendship between Chile and Argentina.

Both countries pledged not to present new claims or interpretations about the southernmost territories previously disputed, they agreed to create a binational economic integration commission, and they concurred on the boundaries or delimitation of the eastern mouth of the Strait of Magellan.

The final approval of the treaty would not take place until March 1985, when it was ratified by the Argentine Senate and the following month was approved by the Chilean governing *Junta*. On April 12, 1985, Pinochet signed it; then on May 2, the foreign ministers both countries proceeded to solemnly exchange the documents ratified by the presidents of both countries. There was an emotional remembrance of Cardinal Antonio Samoré, who employed incredible efforts to achieve the success of the mediation and died in the course of doing so. In homage to his memory, a street is named after him in Providencia (central Santiago), where the Apostolic Nunciature is located. Too, Chilean and Argentine Rotarians honored Pinochet with the Condor of the Andes medal for his efforts to preserve peace. The Chilean Rotarians, without a doubt, were more grateful than the rest of their compatriots.[47]

The Perennial Problem with Bolivia

The foreign ministers of Chile and Bolivia held meetings in Cartagena, Colombia, and Montevideo, Uruguay, laying the foundations for future talks that would allow for some conciliation after the last rupture of their relations. Nevertheless, when a joint

meeting of the foreign ministers was about to come to fruition, between Jaime del Valle (Chile) and Gustavo Fernández (Bolivia), the latter intervened in the UN General Assembly in New York and raised the age-old question of the Mediterranean condition of Bolivia. Doing so was opposed to the spirit of the conversations between both countries, especially with the Bolivian side using harsh terms that were incompatible with the tenor of a joint communiqué.

Del Valle refused to sign it and President Pinochet supported him, ordering that the talks with Bolivia be suspended. Nevertheless, this act did not prevent more informal meetings from being held and a meeting in Colombia, sponsored by that country, being agreed upon for the following year, oriented toward looking for new bases on which to build an understanding.

Annual Economic Balance

In 1984, the economic model's advance took a break and, as we saw, an economist who was not a Chicago Boy had assumed the role of economic leadership. Luis Escobar Cerda was a man who did not believe in free-market policies to the same degree as the Chicago Boys did, but businessmen who had "water up to their necks" considered that his heterodox policies had been a lifesaver for them and, having survived, could once again continue to operate within orthodoxy. That is what happened. In any case, the 1984 figures were still positive. GDP grew by 5.9 percent. National unemployment fell a bit more, to 10.8 percent. Inflation fell by one-tenth, according to the CPI, to 23.0 percent. The fixed capital investment rate increased to 13.3 percent. The budget deficit grew to 4.0 percent of GDP.

The trade balance surplus was reduced sharply to 363.0 million dollars, slightly more than one-third of the previous year's. The current account almost doubled its deficit, to 2,110.5 million dollars. But the capital account almost doubled its surplus, to 1,922.8 million dollars. And foreign debt continued rising, reaching 18.877 million dollars. The final results of the balance of payments turned positive again, for the first time in two years, reaching 17 million dollars.[48] The

gross international reserves of the Central Bank increased to 3,081.7 million dollars, 263.5 million higher than the previous year.[49]

Chapter 13

1985: The Chilean Model Returns

Communist Announcement from Moscow

In the Soviet capital on January 5, 1985—in the act celebrating the sixty-third anniversary of the Chilean Communist Party—former senator Volodia Teitelboim announced that “the task of throwing out the dictatorship was proposed.” For this task, he was counting on the well-oiled military apparatus of the party, based on the violent actions of the *rodriguistas* of the *FPM Rodríguez*. In the same act, the vice president of the “Soviet Committee for Solidarity with the Peoples of Latin America,” Piotr Nikolayev, specified for the umpteenth time something that everyone knew but seemed to have later forgotten: in the subversive struggle against the government of Chile, “all forms of struggle are used.”[1]

Curiously, the Soviet regime and American democratic senator Edward Kennedy, author of the “Kennedy amendment” that prevented the United States from selling arms to Chile, embraced a common cause. They employed diplomatic extortion that greatly favored the international interests of the USSR and whose gravity reached its strongest pull during the simultaneous disagreements between Chile and its neighbors Argentina, Bolivia, and Peru toward the end of the 1970s and the early part of the 1980s.

On January 26, an International Seminar on the Thought of General Prats was held in Mexico, organized by the University of Puebla and the House of Chile present in Mexico. In attendance were former Air Force colonel Efraín Jaña, former commander Ernesto Galaz of the same branch, who was also convicted in the “Air Force judicial proceedings” of 1974. Present, too, were then weekly commentator Patricio Palma of Radio Moscow, former head of the Direction of Industry and Commerce (DIRINCO) under the Popular Unity regime (1970–1973), who was a member of the

Communist Party resident in the GDR as well, along with former interior minister Jaime Suárez of the Popular Unity, current senator José Miguel Insulza, and leader of the MAPU-OC (visibly renewed) and former Air Force captain Raúl Vergara, sentenced to death in the aforementioned Air Force proceedings in 1974 but whose sanction was commuted. The same man, under the first government of Michelle Bachelet (2006–2010), was undersecretary of the Air Force.

Fidel Castro was enthusiastic and announced that in Chile there would be a revolutionary social outbreak, leading to it becoming the Nicaragua of the Southern Cone (i.e., Chile, Argentina, and Uruguay).[2] The full Communist Party convention held in January 1985 made even more explicit the declaration of armed conflict that that party had already formulated against the military revolution. It ordered thus:

> The cells of the party must promote the growth of the *rodriguista* militia, inviting those independent fighters—especially young people—found in slums, universities, and industrial posts, to join the militias… The goal is to reach a state of generalized rebellion that achieves the paralysis of the country… We must accelerate the political-moral crumbling of the repressive forces. This process should culminate in the masses taking over the main political centers of the country by surprise.[3]

Indeed, communism was launched through armed subversion, as demonstrated in bloody actions that, unfortunately, would have greater consequences, such as what occurred in the Hotel Araucano in Concepción. An expert source said the following:

> The most ruthless crime occurred in Concepción while security personnel checked the facilities of a clandestine radio station, setting off a booby trap (which killed) two non-commissioned officers of the Armed Forces and left two officers seriously injured. This infamous attack was made known by Communist Party scumbags comfortably stationed in Moscow as “the death of some minions of the dictatorial Gestapo, who fell while fulfilling their unworthy and miserable

> role.” That same day (the March 25th), a car was dynamited, causing several injuries. At the same time, bombs exploded in Santiago, Coquimbo, Los Angeles, Talcahuano, Temuco, Viña del Mar, and other cities, leaving numerous injured in that wave of communist terror.[4]

Radio Moscow, it should be noted, was the one that described the Concepción attack as “the death of some minions of the dictatorial Gestapo, who fell while fulfilling their unworthy and miserable role.” The regrettable unfolding of those events would soon be seen.

Changes in the Cabinet

Frustrating the would-be Rosende cabinet in November 1984 prolonged the survival, detrimental characteristics, and all the Jarpa–Escobar Cerda duo in the ministries of the interior and finance respectively. Just having returned from his vacation in February, the president authorized the changes in both important roles. Prestigious lawyer and politically independent Ricardo García Rodríguez took over as interior minister. Then superintendent of banks and financial institutions, appointed to that post by Escobar Cerda, Hernán Büchi Buc took over as finance (treasury) minister.

García made it clear from the first moment that his mission was to ensure the rigorous application of the constitutional itinerary outlined in the 1980 charter. And he methodically fulfilled that mission, without deviating by even a single millimeter. For his part, Büchi was a young man—taking the reins at just 36 years old—a mining civil engineer with post-graduate studies in administration at Columbia University in the United States. For more than ten years, he had held positions in the government, where he was recruited by Miguel Kast in 1975. After shining in different areas, he had become director of *Odeplan* before becoming superintendent, having, too, been appointed by Collados in November 1983 to be his Economics undersecretary.

There was consensus among Chicago economists at that time that Büchi was able to find solutions that others could not, when faced with complicated problems. He was proven to be able to explain complex situations in such a way that others were simply not able to

handle. In any case, it may be said that economic orthodoxy returned to the interior and treasury ministries. “Years later, people would ask (Pinochet) about the period (or parenthesis) of Jarpa and Escobar Cerda. ‘It was a matter of being fast on my feet’ *(‘fue un juego de piernas’)* he would answer, simply and frankly.”[5]

But Büchi was not entirely orthodox either: “Without abandoning the principles of the neoliberal model, he made its application more flexible, raising tariffs and maintaining the surcharges established by Escobar Cerda, which constituted heresy for the monetarism of the 1970s. Radical measures were used to balance the budget, which had a significant subsequent political cost, such as denying a cost-of-living adjustment to pensioners in 1985, and delaying by several months the payment of adjustments to remunerations in order to avoid disbursements for some period of time, thus favoring the bottom line of the budgetary accounts.[6]

The Earthquake of March 3

Measuring 8.0 on the moment magnitude scale, a great earthquake, whose epicenter was in the ocean off the Algarrobo seaside resort (105 kilometers due west of Santiago), shook the central area of the country with a force that was not seen there since the great Valparaíso earthquake of 1906. The final balance was 140 (some say 178) dead, over 2,000 injured, and 10,000 people left homeless. The overall damage was estimated to be between 1.6 and 1.8 billion dollars. There were a million people adversely affected by considerable property damage.

The military government already had to fight against the foreign siege run by the USSR, the harassment of Western governments that were impressed with the KGB propaganda campaign and resolved to enact measures against Chile, e.g., the “Kennedy amendment”, and threats of commercial blockade. Moreover, specific terrorist attacks now demanded more domestic repression, which only reinforced international criticism. Plus, there were border threats in both the north and south of the country. On top of all that trouble, nature’s devastating hand touched the central area of the territory. No other Chilean government in memory had had to

contend with so much adversity simultaneously—none of which had emanated from its own actions.

The Communist Party, characteristically, “cooperated” in the wake of the catastrophe and detonated bombs on March 6 and 8 in Lota (a coal mining town located forty kilometers south of Concepción) and Santiago, respectively. From Moscow came instructions regarding how to face the misfortune: “It is not time to lower your guard, it is time to fight more, to protest harder, in an even more united way.”[7]

This underground challenge was what the newly appointed finance (treasury) minister, Hernán Büchi faced, being a mining engineer with a master’s degree in economics, who was a strong supporter of the model. Pinochet ordered *Odeplan* to draw up a reconstruction plan that would help people recover from the damage caused by the earthquake. Resources were scarce, however, and Büchi (as noted earlier) announced that it would be impossible to grant the cost-of-living adjustments to government pensions of 10.6 percent, as stipulated in the law of automatic pension adjustments. Hence, the assertion has remained in force down to the present day that “a part of retirees’ pensions was stolen from them.” Yet no part of their pensions was “stolen.” They simply did not receive a cost-of-living increase in 1985.

The mobilization ordered by the government and led by the armed forces and carabineros overcame the catastrophe in short order. The vain illusions of the armed communist wing (the FPMR) were not manifested—i.e., by generating an opportunity to forcefully shorten Pinochet’s presidency—even after it had taken the reins of subversive activities once the MIR had been taken out.

The opposing Democratic Alliance also thought that such a blow to the economy and to public tranquility would favor its agenda, accelerating its itinerary regime change and the derogation of the Constitution. In that group’s remarks, the terms “civil disobedience” and “ungovernability” often appeared as defining aspirations that barely separated them from the overt armed resistance and violence of the communists.

The two opposing currents, the revolutionary and violent Marxist on the one hand, and the democratic movement reluctant to accept the constituted order on the other, continued to act in lockstep for the

common purpose of overthrowing the administration. Yet they became less effective in that endeavor, much like the “peaceful protests” consisting in, paradoxically, extreme violence, which ended up being fewer than the previous year (i.e., only six), with only three of them logging deaths (fourteen in total).

The then reining current populism, taking advantage of the earthquake, caused many to rail against the UF, Unidad de Fomento, the “adjustable development unit,” which permitted the purchasing power of obligations and debts to be maintained, causing them to automatically adjust according to the inflation index. Pinochet finally gave up trying to eliminate the *UF*, instead limiting himself to provide aid to debtors struggling with housing payments.[8]

Murder of Three Communist and FPMR Leaders

A bloody reprisal was derived from the communist crimes, especially the explosion in Hotel Araucano of Concepción, which carried uniformed lives, albeit such reprisal was unwanted and rebuffed by the government. It was a gruesome event that marked the first quarter of the year and caused immense damage to the national and international image of the military administration, even though it had no responsibility for the act. All the same, posterity has charged the deed to its account. It was the kidnapping and throat-slitting slaughter of three FPMR and high communist leaders, perpetrated by several active *carabineros*, acting on their own accord, belonging to an organization called the Communications Directorate of the Carabineros (DICOMCAR).

The initial publication of the kidnapping of the victims disconcerted the government, because it lacked full information about the event. The press reported that a *carabinero* helicopter had intervened in the capture of two communist professionals, sociologist and librarian José Manuel Parada Maluenda and professor and teacher’s union leader Manuel Guerrero Ceballos, upon leaving a private educational establishment, the Latin American Integration high school, run by high-profile persons from the Communist Party. A third, painter and teacher’s union leader Santiago Esteban Nattino Allende, was arrested elsewhere in the city. It is worth pointing out that this school

had been founded by extreme leftists under the protection of the rules advanced under the military revolution, which guaranteed freedom of education. That fact provides yet one more reason to argue that economic freedom serves to support political pluralism.

Interior minister Ricardo Garcia Rodriguez, surprised by the triple murder, reported that "the government has the deepest interest and sincere disposition to lend its full cooperation and support, so that the facts are clarified and the perpetrators responsible are punished accordingly."[9] An opposition publication, the magazine *Hoy* ("Today"), referred to those murdered and described their subversive roles. José Manuel Parada Maluenda, it said, "was that one who knew most about the actions of the groups comprising the country's security forces" and "who undertook the most accurate tracking of groups that specialized in persecuting the Communist Party." As it turned out, he was the librarian at the Vicariate of Solidarity of the Archbishopric of Santiago, thus falling under the mantle of the Catholic Church and using its infrastructure, economic resources, and means of all kinds.

Regarding the second victim, Manuel Guerrero Ceballos, the article said that in 1976 he had been a member of the central committee of the Communist Party and that he was collaborating in the investigation of anti-communist groups. The third victim, Santiago Esteban Nattino Allende, "was at the top of the propaganda apparatus of the party until the military *coup d'état* and was very active until 1982" when he underwent heart surgery. But "he remained in important positions in the clandestine apparatus."[10] It was said that he was in charge of the economic administration of the terrorist apparatus, too.

The CNI briefed the government and the visiting minister (i.e., an investigator or special counsel who was designated by the court of appeals), somewhat belatedly (at least in relation to the urgency with which people had called for one to be named, since any delay could have proven detrimental for the victims), that the arrests had been the work of the carabineros. However, that special minister, José Cánovas Robles, did not believe the CNI and instead took ten years to corroborate the version that was given to him initially. In addition, the widespread use of leftist mantras in the media made the

investigator think that the perpetrators had been agents of the CNI itself.

Nevertheless, the government did believe the CNI and found the situation to be so serious that it asked the general director of carabineros, César Mendoza Durán, a member of the junta, to resign due to his "responsibility for being atop of the chain of command," since the evidence pointed to DICOMCAR personnel.

Finally, the perpetrators were—a dozen years later—sentenced to life imprisonment, but not before one of them, Colonel Luis Fontaine, was murdered by the communists' strongarm force, the *FPMR*.

An obvious contrast may be observed between (a) the severe punishment these perpetrators received and (b) the impunity and freedom enjoyed by all those extremists who murdered men in uniform and committed other bloody acts prior to 1990. The latter received commutations of their sentences, when they were sentenced, or they escaped from high-security prisons, enjoying suspiciously easy means of doing so. Many of them also received a generous reception and jobs in those European countries willing to receive them.

Precisely the first constitutional reform sponsored by the Concertación (the alliance of left-wing political parties) in the 1990s was aimed at alleviating the penalties faced by terrorists and allowing them to be pardoned. The public opposition to this reform by UDI senator Jaime Guzmán Errázuriz has been identified as the main reason that the FPMR chose him to be their victim in a deadly attack in 1991.

In effect, Guzmán pointed out to the Senate the inconsistency of granting amnesty and general pardons for terrorist crimes, granting provisional release of those prosecuted for committing them and, in particular, the faculty granted to President Aylwin to pardon 'all who have been or will be convicted of terrorist crimes committed before March 11, 1990.'"[11] Accordingly, the great *ex post* contrast was observed in the conviction to life terms of several *carabineros* for terrorist offenses—in murdering some *FPMR* leaders—none of whom were considered suitable pardon candidates by Aylwin or his successors, unlike so many left-wing terrorists who had committed similar bloody deeds.

The Roman Catholic Vicariate of Solidarity and Terrorism

José Manuel Parada Maluenda was initially identified, after his murder, as being the head of “Analysis and the Library of the Vicariate of Solidarity of the Archdiocese of Santiago.” Yet Radio Moscow was given the charge, on the night of his abduction, of identifying him as a high communist chief. One striking datum was that he had entered the service of the Vicariate as a simple driver, moving up from there to take over as librarian, where he used his position not only for information and communication purposes but also to recruit militants for the party’s terrorist front, the FPMR.

In fact, *rodriguista* Alfredo Malbrich Labra, captured after the firearms clandestinely brought in from Cuba (in 1986) were found, which had been buried in Carrizal Bajo, a coastal drop site between Copiapó and La Serena. He confessed that he had entered the *FPMR* at the request of Parada, who recruited him after he had been arrested by some *carabineros* following a demonstration on Alameda street, having obtained his freedom thanks to Vicaría lawyers. He stated textually:

> On May 1, 1979, I was arrested by *carabineros* on Alameda (street, downtown Santiago, formally called Libertador General) Bernardo O’Higgins and was transferred to police station No. 1. My wife went to the *Vicaría de la Solidaridad* and they employed resources for my defense. Upon being released, I concurred with the Vicaría, a place in which I made friends with José Manuel Parada, who asked me to collaborate by lending my home phone to receive messages and also by hand-carrying short communications. He later asked me if I would like to collaborate in a more systematic way.[12]

From that point on, Malbrich became an active guerrilla fighter. In his words, what he sought was to “establish a revolutionary Marxist-Leninist government, following the example of Cuba and Nicaragua.”

This nexus between the Vicariate of the Archbishop and the *FPMR* not only occurred through the librarian, who was at the same time second in charge of the institution. Rather the vicar himself, Monsignor Sergio Valech Aldunate, confessed judicially, following the investigation of the assassination of *carabinero* Miguel Ángel Vásquez Tobar on April 2, 1986—as will be seen in the next chapter—that he handled the files kept on the terrorists wounded in clashes. Those villains were treated (and hidden) in the Chiloé Clinic, under the charge of the Archdiocese. Vicar Valech refused to hand over those files to the justice system when he was required to do so. Despite this fact, he was never prosecuted for obstruction of justice. Neither did he ever apologize, nor did his superior after learning of those facts, Cardinal-Archbishop Francisco Fresno, who often advocated fighting for peace and nonviolence.

It should be added that the illegal action of those *carabineros* was interpreted through the triple kidnapping as being revenge for the aforementioned killing of two uniformed officers in the *FPMR* attack via booby trap in the *Araucano* Concepción hotel, which had occurred just two days beforehand. Indeed, the revenge was reciprocal in the fight between uniformed men and terrorists, but in the end only one side, the former, was punished judicially. In fact, in 1990, as noted earlier, the *FPMR* murdered carabineros colonel Luis Fontaine, in charge of the *DICOMCAR*, which had carried out the kidnapping and homicide of the three *FPMR* communists mentioned in the preceding section. Yet the perpetrators of Fontaine's murder were finally pardoned.

Resignation of General Mendoza

On August 2, 1985, when the facts appeared irrefutable, the general director of carabineros, César Mendoza Durán, who had not been responsible for the aforementioned triple crime, met first with his staff and then with the high-ranking officers in the capital. That night, he submitted his resignation, denying that he had been pressured to do so. In his usual colloquial language, he told the press, "I resigned just because it seemed to me to be the right thing to do. The government is falling apart." The new general director, Rodolfo

Stange Oelckers, who had been the deputy director, took his place as member of the junta.

In the judicial order, a series of declarations regarding lack of jurisdiction between the military and civil courts was unleashed, affirming equally that they did not have authority to deal with the process. Finally, the Supreme Court assigned special investigative counsel José Cánovas Robles. He did not make much progress, because he did not receive the enthusiastic collaboration of the carabineros. In writing his biography, historian Gonzalo Vial criticized Augusto Pinochet for not having pushed for justice to punish the guilty.

In the end, doing so proved unnecessary, because the regular justice system condemned them to life imprisonment, the maximum penalty allowed under our legal system. That punishment stands in contrast to the *de facto* freedom that the Aylwin administration brought to the terrorists who had assassinated men in uniform, having pardoned them and commuted their prison sentences by means of voluntary exile in the nations of Europe that came with the added perk of guaranteed employment.

The Subversive Environment Lingered On

The newspaper *El País* (Spain) published an article that reflected well the situation of any substantially free society, such as the Chilean one, where restrictions were only placed on organizing politically. It acknowledged, “The Chilean working classes form the true heart of the growing popular rebellion against tyranny and they are developing means of struggle and self-defense that will serve as the gravitational pull for the country’s future.”[13]

A National Day of Protest was announced for March 29, 1985, convened by the trilogy of the *MDP* (i.e., the Communist Party, the Socialist Party, and the *MIR*), the Democratic Alliance (i.e., the Christian Democrats, plus center-left and disaffected right-wing elements of the military government), and the National Workers’ Command, labor unions association headed by Christian Democrat Manuel Bustos. The latter group’s union leaders had maintained ties

with the United States and other countries that had supported the military government at the beginning.

Armed communist thugs were very active and, on March 14, they caused a huge traffic jam in Santiago by means of gunfire, hurling flying objects, and starting car fires, while Radio Moscow called on communist subversives to take advantage of the adverse consequences of the March 3 earthquake by “organizing themselves into committees by town, slum, sector, block, and social community.”[14]

Once again on April 11, a national “protest day for life” was convened at the urging of the National Workers’ Command (run by the communists). On April 16, the Democratic Intransigence Movement was formed by socialists, radicals, social democrats, Christian leftists, and “the champions of peace, democracy and freedom: the *MIR* and the Communist Party.”[15]

Nonetheless, the opposition’s turnout was so small that the May Day festivities could be held indoors. However, the terrorist violence on May 2 was still quite significant. Seven bombs exploded, knocking down the same number of high voltage towers, provoking extensive power outages in the midsection of the country. Did such actions discredit the government or the terrorists?

Victims Fallen by the Hand of Terrorism

The terrorist attacks of 1985 directly caused innocent deaths. The most ruthless crime, as was seen, occurred in Concepción on March 25 while security personnel, as previously described, inspected the facilities of a clandestine radio station. Furthermore, in May, bombs placed in the municipalities of Lo Prado and Cerro Navia, poorer areas of Santiago, left seventeen injured. In June, a locomotive conductor who got off the train to remove an obstacle from the tracks near Limache in the Fifth Region (twenty-seven kilometers east of Viña del Mar) died when the package turned out to contain a bomb that exploded. In July, a car bomb that had been installed by the FPMR across from the former location of the consulate of the United States, in downtown Santiago’s Forest Park area, went off, killing a passerby who was heading home. In August, an explosive device

placed in the heart of downtown Santiago—in the Savory Tres tearoom on Paseo Ahumada—left three injured. In October, a woman walking on Avenida Providencia in Santiago lost both legs when a terrorist artifact that was set up in front of an export firm exploded. In that same month, rodriguista incendiary bombs set off in Viña del Mar's Las Brisas supermarket, and other retail stores there, left five dead.

A US embassy report indicated that leftist terrorism was the greatest threat to the lives of Chileans. Yet that publication did not detract from the worldwide campaign that the KGB had unleashed against the Chilean *Junta* after September 11, 1973. However, insofar as domestic thinking was concerned, it strongly upheld the argument in favor of keeping the authoritarian "regime." At the same time, democratic opponents found themselves having to take distance from Marxist violence in general—and communist violence in particular—which would have important electoral consequences in 1989.

In addition, the "protests" were discredited because, in their course, the civilian population had to endure abuses, such as acts of street vandalism and incidents of "hunted and trapped" motorists being charged "tolls" who were caught in the midst of the despotism or illegal street blockades that were erected by the government's opponents. This shakedown bothered politically uncommitted people who were threatened with harm if they did not pay up. Public ire was so significant that, in November, the human rights commission presided over by a characteristically Christian Democrat, Jaime Castillo Velasco, who had been exiled by the administration, issued a statement disavowing the protest violence. Even the Internet's *Encyclopedia*, Wikipedia (in Spanish), could not ignore the extremist violence in Chile, so describing it:

> On March 25th, *MIR* guerrillas planted a bomb at the Hotel Araucano in Concepción, which killed Army Sergeant René Osvaldo Lara Arriagada and Army Sergeant Alejandro del Carmen Avendaño Sánchez, who were trying to defuse it. On December 6th, while walking home, a *carabinero* was shot to death by guerrillas who fired on him with submachine guns.

The documented number of terrorist actions in 1984 and 1985 was 866.[16]

The Case of the Vergara Toledo Brothers

Distortions of the truth (recently christened as “posttruths”) have not just been stimulants nationally but also worldwide in relation to the Chilean military revolution. Yet in a few cases have such distortions been demonstrated with clearer evidence than in the case of the *mirista* brothers Vergara Toledo. Their case now stands out prominently in the ambit of uninformed public opinion and lore as a typical example of “the crimes of the dictatorship.”

On March 29, 1985, in Villa Francia (just a few kilometers west of downtown Santiago), these two brothers were killed, after firing first on the *carabineros* and seriously injuring one of them, Marcelo Muñoz Cifuentes, who took one bullet to the thorax chest and another to the leg. The area was a frequent scene of attacks and public disorder due to “peaceful” opposition protests. The memorial raised to them is now an extremist festival called “young combatant day.” The name alone hardly suggests a peaceful or democratic tendency and deals even less with “victims.”

On that date, *carabinero* Muñoz gout out of his patrol van in Villa Francia and asked to see the ID cards of these two brothers (whose last names were Vergara Toledo). In response, they shot him, as noted, in the thorax and one of his legs, leaving him badly injured, and then fled. The other two officers in the patrol van got out and pursued the attackers. After catching up with them and being threatened by the armed brothers, they killed the two with their service weapons.

The official start of the historical falsification of the case was marked by the Rettig Report, which in letter a) of number 2 of its third chapter deals with this case, falling under the title of “false confrontations.” However, the circumstances of the confrontation in this case were indisputably authentic, starting from when the brothers shot *carabinero* Muñoz. Moreover, the *Report* also jumped to the conclusion that one of the brothers did not participate in the

shooting, regardless of the circumstances that showed that *carabinero* Muñoz was hit by two bullets simultaneously.

In 2008, on the commemoration of Young Combatant Day, then-president Michelle Bachelet called to celebrate the anniversary commemorating, according to her, “a horrible crime.” Commenting on this and after seeing her on television, I wrote on that occasion: “Well, according to the 2005 biography, *Bachelet: la historia no official* (“Bachelet: the unofficial story”) by Andrea Insunza and Javier Ortega, she was also a *MIR* militant. At least she is loyal to her former comrades in arms.”[17]

The Third “Young Combatant”

This extremist festival often marked by violence and destructive acts also reminisces over a third Vergara Toledo brother, although he was not at the scene in 1985. In November 1988, he helped perpetrate an explosion that knocked down a high-voltage tower in Temuco. When electric company personnel came to fix the service, they found two bodies, one man and one woman, torn apart by the explosion. According to identity cards found in their clothing, they were Eduardo Durán and Alicia Sanhueza. These names were published in the press. They had been carrying a briefcase with cables and explosives. Days later, it was found that the identity cards were false and the dead man was actually Pablo Vergara Toledo, the third brother.

Left-wing justice took the case of Villa Francia after 1990 and prosecuted the *carabineros* who were in the patrol van, including Marcelo Muñoz, in spite of the fact that he was shot without provocation and did not shoot anyone. In the end, Muñoz was not sentenced, although he, too, came close to suffering punishment for what happened. The other *carabineros* were sentenced to seven years in prison. While I was writing these lines in 2017, Francisco Toledo Puente, having served 90 percent of the sentence imposed on him for having responded to the fire of an armed terrorist, was paroled—thanks to a narrow 3–2 ruling in his favor—by the criminal chamber of the Supreme Court—one of the minority judges basing

his decision on the fact that the action of the *carabinero* was “a crime against humanity.”

But such a crime was not recognized in Chile in 1985. It was only appended in 2009, with the express admission that it could not be applied retroactively. However, the usual practice has been that the Supreme Court does in fact apply it retroactively. Moreover, it has been quite surprising to note that during its criminal court hearings—that time and only that time for Francisco Toledo Puente—was parole upheld for a person previously serving in uniform, and even then barely, by a one-vote majority—even though parole is a possible privilege that all other prisoners of the country enjoy.

On February 17, 2017, the newspaper *El Mercurio* reported on the ruling, ending with the following paragraph: “*Carabinero* Toledo, who has served his sentence thus far in the Punta Peuco prison, was one of the police patrol officers responsible for murdering the brothers Eduardo and Rafael Vergara Toledo. Both young men were killed in Villa Francia, in the *comuna* of Estación Central, wherein their deaths are newly commemorated each year on young combatant’s day.”[18]

Note the bias with which *El Mercurio* reports on events that occurred during the period of the military revolution. Yet its unexpected omission has been surprising, too, for instance when one reads historian Gonzalo Vial who, as a member of the Rettig Commission, championed utilizing severity in his remarks against the military. The episode that he described in the Rettig Report as a “false confrontation” on March 29, 1985, was not even mentioned in the historical account contained in his book *Pinochet: The Biography*, where he was characteristically devoted to exaggerate the facts when pointing out improper actions of those charged with beating back extreme Left terrorism in Chile.[19]

The Communist Directive

Terrorism was a favorite tool of the communists, who managed to show a “democratic face,” getting the praises of noncommunist politicians and even some unsuspecting historians, for whom they were seen as champions of the “peaceful way.” But to see just how

peaceful they were, consider the instructions they issued to their base:

> The plenary session of the Communist Party held in January 1985 gave the following instructions: “The cells of the party should promote the growth of *rodriguista* militias, inviting independent fighters, especially younger ones, found in slums, universities, and industries, to join the militias… It is about reaching a state of generalized rebellion, that will achieve the paralysis of the country… We must accelerate the political-moral crumbling of the repressive forces. The culmination of this process should be the takeover by the masses of the main political centers of the country.”

The researcher who reported on the previous instructions added, “There can be no clearer expression of Lenin’s idea of how a revolution is undertaken. Neither does it demonstrate a lack of knowledge of the *coup d’état* technique taught by Trotsky.”[20]

Another Rub with the Ecclesiastical Hierarchy

As if problems were not lacking, the military government faced the resignation of retired admiral Jorge Swett as president of the Catholic University. His prudent management had to overcome all the difficulties inherent in the coexistence derived from the interference from uniformed men in that papal academic institution, especially given the fact that its chief papal liaison, Cardenal Silva Henríquez, harbored political sympathies that sided indisputably with the administration’s opponents.

Pinochet wanted the thoughtful admiral to remain in office, but Silva Henriquez expressed his annoyance with that possibility. That fact led Swett to persist with his resignation, thus requiring that the government appoint a new president, agreeable to the Catholic Church. The government proposed former education minister and law school dean at the Catholic University, Sergio Gaete Rojas, but the veto of Silva Henríquez was final.

Finally, an agreement was reached to appoint Juan de Dios Vial Correa, brother of former education minister, Gonzalo Vial, and a

doctor who enjoyed considerable academic prestige. Although he was a recognized—albeit discreet—supporter of the military government, the hierarchy accepted his designation and thus an inopportune and new impasse was favorably resolved.[21]

Status Quo with the United States

American pressure, derived from the misinformation spread throughout the world by Department D (for Dezinformatsiya) of the KGB, had been a recurrent problem for the Chilean military revolution in previous years. Its impact had been cushioned by the election of President Reagan, whose disposition was favorable to it, and whose ambassador James Theberge proved to be a diplomat who was definitely a “friend.” In this context, pressures stemming from the “liberal” (leftist) bureaucracy of the State Department were stymied.

In 1985, additional reasons emerged why such strains should stop being factors of great concern for the Chilean government. Although Senator Edward Kennedy, the best agent disseminating disinformation in the United States, had again in February put his hand to the plough and sponsored another bill prohibiting aid to Chile. Nevertheless, Langhorne A. Motley, Assistant Secretary of State for Inter-American Affairs, came to meet with Pinochet. He also met with opposition leaders who asked him to help them overthrow the Chilean “regime.” In March, the Deputy Assistant Secretary of Defense arrived and broached the possibility of increasing defense cooperation.

Military ties were strengthened, and US support was obtained through military credit agencies, despite the continuing criticism alleging a “lack of progress towards democracy,” particularly as a result of Jarpa’s departure as interior minister, which was viewed by the Americans as a defeat for the “soft” sectors of the military government.

Simultaneously, foreign minister De Valle talked with them about using Mataveri Airport, on Easter Island, as an alternative landing site for American space shuttles. In return, the United States committed to extending and improving its runway and to install better

air navigation instrumentation. The agreement materialized on August 3, 1985, signed by foreign minister De Valle and Ambassador Theberge.[22]

Furthermore, the United States stopped insisting on replacing the transitory article of our Constitution according to what domestic political opponents demanded. Pinochet took it upon himself to send them a message via an interview with the *Washington Times* in which he told Americans that Allende's removal "did not cost the United States a dollar, a shot, a weapon, or a man…no one in the United States can say that 'we helped Chile;' such is not the case; we did it ourselves here in Chile."[23] American officer Patrick Ryan had written the same before (see chapter I, "1973: A Revolution Impossible to Avoid").

Nevertheless, the worst news that Chile could receive from the United States came at year end. Ambassador James Theberge was replaced by Harry Barnes, of whom it would soon be said, "Pinochet simply cannot stand him."[24] Barnes was a true master of "political correctness" and declared that "the evils of democracy are cured with more democracy." Faced with this new menace, the Chilean president clarified that the national communist experience between 1970 and 1973 demonstrated how democratic mechanisms could be used to destroy the institutions of a free society.[25]

Domestic and Foreign Accounting Regulation

Decree No. 18,401 was enacted in January 1985, allowing CORFO to acquire loans from the Central Bank pertaining to banking companies and financial corporations subject to provisional administration after the interventions during January 1983. Decrees No. 18,412 and 18,430, of May and August 1985, authorized the Central Bank to acquire the assets and liabilities of banking companies and financial corporations in forced liquidation, in accordance with the banking decree, and to acquire the assets of banking companies that were being controlled by bankruptcy trustees, in order to proceed with their liquidation. The shareholders of the taken-over banks were also allowed to buy shares of the same

with advantageous terms, in order to guarantee that they would remain in the private sector.

A “popular capitalism” was thus being managed to avoid the nationalization of financial institutions. It was a “privatization” that would be accentuated even further once workers were allowed to use their compensation funds for years of services in the companies in which they worked to acquire shares of public enterprises or companies taken over by the state. *CORFO* would thus be the agent that created the process of popular capitalism, making it possible to compensate the state and, at the same time, give access to share ownership of large companies or financial entities to the population at large, wherein only a few had enjoyed access previously.

Negotiations pertaining to foreign debt, under the leadership of Hernán Büchi, took a new turn, as the Central Bank approved “the use of promissory notes and securities of the former to pay off domestic debts, buy assets, and undertake other forms of investment.” You bought a Chilean foreign bond, chastised by the market for generating “the debt crisis.” Yet you were able to make use of it at face value, which was of course higher than the purchase price, in order to pay off debts in—or invest in—the country.

Overseas, Chilean bonds or foreign debt securities traded at a fraction of their nominal value, because international markets painted all Latin American countries “with the same brush” that were unable to pay their commitments punctually compared to “good borrowers.” But always, “the market knew best” and, accordingly, some experts bought Chilean debt securities cheaply and converted them into capital assets here at face value. Chile hence became a pioneer in this means of reducing foreign commitments.[26]

Privatization Policy

Privatizations formed an important part of the free society model that the military revolution sought to bequeath to the country and did in fact bestow. At first, these actions were derived from the need to compensate firms for confiscations perpetrated by the plundering Marxist regime of 1970–1973. Then they simply succumbed to an economic imperative: in the hands of the state, companies

generated losses that worsened the budget deficit, whereas in the hands of individuals they went on to generate profits and to pay taxes to reduce that deficit. That is, through privatizing firms, the government exchanged a burdensome liability for a profitable asset. Finally, privatizations served, as recently noted, to pay the foreign obligations fairly generated in the "debt crisis" of 1982.

In addition, they constituted a way to make the subsidiarity principle effective that was established in the Constitution: the state should only assume socially necessary functions that individuals were unwilling to develop. Carlos Hunneus, a historian opposed to the military government, explained it this way:

> Büchi used popular capitalism to rescue the taken-over banks. Individuals could buy shares under very favorable conditions: *CORFO* granted loans for ten years, without interest or inflation adjustments, which required a cash down payment of only five percent. In addition, these investments provided considerable tax benefits, since individuals could deduct annually from their taxable income twenty percent of the amount (invested through these loans). In effect, this process translated into the popular capitalist becoming a shareowner without paying for it.[27]

The same historian rightly added:

> The policy of privatizations covered three dimensions. The first is that after the *coup d'état* it wanted to restore those 300+ companies taken over by the government of the Popular Unity to their former owners. Since not all the former owners were able to resume their businesses, many of them had to be re-privatized. The Corporation for the Promotion of Production (*CORFO*) promoted these sales during the 1970s, known as "first-round privatizations," albeit in reality they were re-privatizations. There was also a process of re-privatization in the 1980s, when the state put up for sale the companies that had fallen into its domain or were taken over as a result of the financial crisis of 1982–1983, which was marked by the collapse of the two main economic groups—

those of Javier Vial and Manuel Cruzat. In those years the Chicago Boys did not set out to privatize public companies.

The second dimension was a privatization process that occurred in the 1980s through the sale of public companies created by the state through *CORFO*, which pertained to strategic sectors of the economy: telecommunications (Entel), electricity (Endesa), steelmaking (Compañía de Acero del Pacífico, CAP), petrochemicals (Soquimich), and others. This initiative led to the formation of the "entrepreneurial state." Of the main *CORFO* companies, only *ENAP* was not privatized due to opposition from the Navy. Private access to the university and higher education business was, in general, also opened up.

The third dimension was the incorporation into the private sector of social security services, giving rise to for-profit companies—the pension fund administrators (*AFP*), and the privatization of the healthcare sector, creating the health security institutions (*Isapres*)—which until now coexist with the public health system, which was also reformed. These policies sought to end the welfare state, constituted by legislation enacted at the beginning of the century and carried forward by center-right or rightwing governments.[28]

The privatization process was one of the bases that the 1973 military revolution used to transform the socialist economy to a free market one. The other bases included: (1) the freedom to set prices, (2) respect for property rights, (3) the reduction of income taxes, (4) the incorporation of pension contributions into the capital market by way of the fund managers of the respective pension companies, (5) the creation of the real mining concession rights that were as solid as actual property rights, (6) the return of properties subjected to agrarian reform (ransacking) to individuals who knew how to make them produce better, (7) the opening of trade with the outside world, and (8) the creation of a private healthcare system, parallel to the public one, wherein users were free to choose the option that suited them best. The resulting jump in productivity and economic efficiency that all these policies meant led the country in the nineties to place

first in Latin America in terms of per capita income, measured by purchasing power parity, which was described in the rest of the world as the *Chilean miracle*.

Bank Bailouts and Professional Unions' Board Losses

Notwithstanding the economic benefits achieved, the government was paying a high political cost for the 1982 crisis, which was employed by its opponents to provoke popular agitation and an unfavorable journalistic climate. Indeed, freedom to criticize existed in radio broadcasts and could be read in the majority of political magazines on sale in kiosks. This fact worked against the military government and formulated colorful complaints against it, blaming it for the fall in GDP and income levels that still (in 1985) had not recovered to 1981 levels. The political cost was described by the aforementioned critical historian Carlos Huneeus:

> The opposition managed to win elections on the boards of the main professional associations, resulting in elected leaders with future political careers, who continued to occupy leading positions during the democracy. Of special note was the 1985 election to choose 10 of the 18 advisers of the bar association, in which the opposition's list was composed of prominent personalities linked to the Democratic Alliance, wherein nine of them won, with Jaime Castillo Velasco coming in first place. The opposition thus controlled the boards of the main professional associations, e.g., of physicians, engineers and journalists, constituting the Federation of Professional Associations of Chile, presided over by Dr. Juan Luis González, president of the Medical Association.[29]

Remember that Juan Luis González headed the *Civilian Assembly*, which was an active promoter of the "peaceful" protests. He did not hide his intention to remove the military from power prior to the timeline prescribed in the Constitution for holding elections.

The Ecclesiastical and Union Fronts

There were some prelates (local Roman Catholic Church leaders) that did not contribute to either domestic tranquility or the calming of passions. During Easter week, the *via crucis* of the Catholic Church communities of Santiago was held in the southern part of the capital, under the direction of priests Roberto Bolton; Mariano Puga; Felipe Barriga, area vicar; and Alfonso Baeza, vicar of the *Pastoral Obrera* (workers' pastorate). Attendees carried signs with messages such as "The earth will repay the blood of the beheaded" or "The vampire of La Moneda drains the blood from Chile." Too, they welcomed the MIR's call to burn "all repressive stores or premises" and to "execute" all "whistleblowers or snitches that we have at hand... whether *carabinero* or *CNI*."[30]

Some of the leftist priests mentioned above were violenter in their expressions than were leftist trade unionists. These men, for their cause, had significant European support. In March 1985, the Netherlands Development Agency (NOVB), met with leaders of the Chilean National Trade Union Federation, chaired by Manuel Bustos (a Christian Democrat), to discuss the programs financed by that entity. It was revealed on that date that they had approved US$49,000 plus US$55,000 to come, adding to the US$3,000 pledged by the French workers' organization, AFDT.[31]

Meanwhile, university student union participants, supporters of the government, suffered for the first time a defeat in the election of student leaders at the Catholic University—both in Santiago and Valparaíso. Nevertheless, Pinochet did not neglect the trade union front, which he understood well and to which he usually made political concessions that were not always acceptable to government economists. And so, in November, Decree No. 18,464 was conveyed, drawn up through study commissions and the Economic and Social Council where trade unionists could be found. It reestablished the labor courts, reinforced union activities, along with privileges and resources for leaders and organizations.

The rule guaranteed that the jurisdictional privileges of the workers elected as union leaders would last up to six months after leaving

office. It stipulated, in short, that the labor directorate may dissolve a union at the request of workers or employers due to a membership reduction or hiatus lasting longer than one year.[32]

The Itinerary of Violence

It was no coincidence that the commencement of the National Accord triggered violent extremist agitation. The following is an account of how things went down: In January, the communist Mesa de Concertación ("roundtable pact") of the southern area of Santiago called for a national strike. At the end of March, the MDP, whose nucleus was the Communist Party, together with the Democratic Alliance, materialized out of a common Christian democratic strategy —accompanied by socialists, radicals, and even some right-wingers —and the National Workers' Command, led by trade union leader Rodolfo Seguel, in order to organize a metropolitan protest day.

Two months later, a national day of mobilization for life and democracy was held, after which three people died in the disorder and serious damage to public property was chronicled. In June, there was a "march for hunger"; in July, a national day for university mobilization coupled with a protest in which seven people died. Notwithstanding those deaths (or, thinking viciously, as a result of them) the organizers qualified these events as "successful."

On July 3, there was another national day of university mobilization, with riots in different faculties of the University of Chile and Catholic University in Santiago, led by masked hoodlums who set up incendiary barricades and evoked power outages at night. The following day, there were attacks on Mormon churches in Santiago, Lota, and Coronel and the *rodriguista* militias declared that those actions "were part of the campaign to reject the Yankee project on Easter Island (i.e., an alternative airport for space missions), starting on July 4th, Independence Day in the United States."[33]

On July 11, there was an anti-imperialist day; on the twenty-eighth, another march for hunger; on August 9, another "day for life" that, paradoxically, resulted in three dead, many wounded, and severe blackouts between Antofagasta and Talcahuano, while Radio Moscow celebrated the signing of the joint document, *Por el*

reencuentro del pueblo de Chile (“toward the reuniting of the Chilean people”), “which encompassed the widest spectrum of political movements ever assembled in the past, from the National Party to the communists.”[34]

After a violent September, came a student strike on October 9, which was a failure and did not fully materialize, in light of which a nationwide work stoppage was called for on the fifteenth. That day was marked by seventeen people injured by gunfire, more than twenty bombs being set off on the railway network, plus buses being burned and public mayhem occurring in La Serena, Valparaíso, Concepción, Temuco, Valdivia, Osorno, and Punta Arenas. Finally, in September, the protests on the fourth (the anniversary of Allende’s victory in 1970) left “eight deaths, numerous injuries, looting of retail stores, street clashes, barricades and explosions, in the midst of the blackouts commonly experienced.”[35]

There were violent protests from November 4 to 6, too, wherein the National Workers Command had called for a general work stoppage day. Attacks in various parts of the country had increased beforehand. On the eve of that heinous day, five people in a supermarket and some railroad warehouses were killed by arson in Viña del Mar. The same day produced four deaths and numerous wounded, in a “combat of the masses” celebrated by Radio Moscow, which reported: “Chile is again facing the great ascendency of struggle.”

A carabinero whose name nobody remembers was killed on November 11. Bishop Carlos Camus gave the following warning: “We have reached the end of our ropes in a situation where we have a right to fear that it is too late to find a peaceful solution. That is why I asked Pinochet to abdicate; I asked him to resign.”[36]

On November 21, the Democratic Alliance, led by the Christian Democrat Party, convened a mass meeting at O’Higgins Park (just south of downtown Santiago). Before that horde, the communists declared “a unilateral 48-hour truce.” There was the customary discord between the faithful who were appreciated by the organizers and the carabineros, yet with no major disturbances.

On December 10, International Human Rights Day, the opposition called for yet another dreadful day to commemorate that occasion. Accordingly, “on December 12, 1985, the armed commandos of the Communist Party stole a bus and detonated a bomb in the capital, while at the University of Santiago, barricades were set up and confrontations took place with *carabineros*. On the 14th, one car bomb exploded across from the military school, as did another one across from the Regiment of Railway Engineers site in Puente Alto, leaving three injured. On the same day and place they burned a supermarket and caused a power outage. In Valparaíso, bombs exploded causing assorted destruction, while in the capital yet another bus was burned. The next day, there was a blackout in Antofagasta.”[37]

The year closed with a continued succession of sundry terrorist attacks. *El Mercurio* certified: “According to the Chilean security agencies, 1,575 explosive devices were placed in the country during 1985, i.e., more than four bombs per day on average.”[38] Here are two pertinent questions and answers: (1) Why was communist violence unsuccessful? Because there was a government that did not cower before it. (2) Why was the military government undaunted? Because majority public opinion supported it, as the governors believed, being so expressed in the nation’s main newspapers, which never ceased to back the administration (perhaps because it helped them settle their liabilities), along with all television channels and most radio stations. If the most important media had turned against the government, maybe “the story would have been told differently.”

The National Accord

The so-called National Accord for the Transition to New Democracy had begun to take shape in 1983, amid the violent “peaceful protests,” which were mustered by the political opposition and union leaders, and which the Communist Party took the reins of through its armed wing, the *FPMR*, to turn those events into episodes of extreme violence.

However, as noted previously, the violent nature of the opposition's protests had discredited the very idea of the accord even after it was achieved, because the protest painted an image of having either the government or chaos. From the standpoint of public opinion, it served the government well not to have ever paid any attention to the accord.

As previously told, it was spawned by businessman José Zabala and the Archbishop of Santiago, Monsignor Francisco Fresno, the early handlers of the idea, overseeing its two years in the making. They decided to explore other options and seek "less political" personalities than the ones they had initially used that ended up foiling their initiative. Hence, they decided to contact Sergio Molina, a Christian Democrat and former finance (treasury) minister under Frei Montalva, "for whom Monsignor Fresno felt much appreciation and respect," and Fernando Léniz, "who had political friends of all colors, having been Pinochet's Economy minister, and his relationship with the military was good… A breakfast was thus slated and the Archbishop's advisory team was constituted."[39]

Then they held "individual and confidential meetings" with the different political leaders and finally, on August 24, 1985, met at Fernando Léniz's house with all the political leaders involved and at 8:30 p.m. "white smoke" came out of their deliberations. The next day they all met again at the Spanish Circle of Santiago, where the text was signed by the attendees: Gabriel Valdés and Patricio Aylwin, for the Christian Democrat Party; Enrique Silva Cimma and Luis Fernando Luengo, for the Radical Party; René Abeliuk and Mario Sharpe, for the Social Democracy Party; Andrés Allamand, Francisco Bulnes and Fernando Maturana, for the National Union Movement; Patricio Phillips and Pedro Correa, for the National Party; Hugo Zepeda Barrios and Armando Jaramillo Lyon for the Republican Party; Ramón Silva Ulloa, for the Popular Socialist Union; Gastón Ureta, for the Liberal Party; Carlos Briones and Darío Pavez, for the Socialist-Briones Party; Sergio Navarrete and Germán Pérez, for the Socialist-Mandujano Party; and Luis Maira and Sergio Aguiló, for the Christian Left Party. The groups and parties of the extreme Left (*MDP*) did not adhere to the accord, nor did those on

the right attached to the government: the Independent Democratic Union *(UDI)* and the nationalist groups of the National Advance.

Content and Destination

The accord called for the popular election of the president, with a run-off round (in case no candidate got more than 50 percent of the votes in the initial election, the top two vote recipients would face off in a second round), along with choosing a parliament. It also required a constitutional reform that contemplated a referendum, a constitutional court, and the regulation of exceptional circumstances. As an immediate measure, it demanded the end of all current exceptional (emergency) conditions, the formation of voter registration procedures, the end of the political hiatus, and the enactment of election-related legislation.

The accord merited ample public debate and even the holding of a seminar at the Center for Public Studies, a foundation sponsored by important right-wing businessmen who were fans of the government. But the managers, promoters, and signatories of the accord seemed to forget that it was important to communicate its plans to the government. When they wanted to deliver their text to the interior minister, Ricardo García, he delegated the task of receiving it to the undersecretary, Alberto Cardemil, but the handoff did not happen. Historian Gonzalo Rojas points this out:

> The National Accord did not propose the resignation of the President or the possibility of forming a constituent assembly, since, perhaps taking its cue from the idea of Patricio Aylwin and demonstrating that it had learned (from) the errors of confrontation, the path of accepting the Constitution was sought, albeit a reformed version of it. It consisted of three chapters: constitutional agreement, socioeconomic order, and immediate measures. It was affirmed, at the outset, that there must be an “orderly delivery of political power to authorities vested with full and undisputed democratic legitimacy” and “the return of the Armed Forces to their indispensable permanent functions, fully respecting their values, dignity, and institutional requirements.” Regarding immediate measures, it

> was considered important for the full exercise of citizenship rights and participation with freedom and equality, along with the end of any states of emergency and the political hiatus, the drafting of electoral legislation, and the opening of voter registration.[40]

But someone remembered that in Chile a person named Augusto Pinochet, who had been elected by referendum for an eight-year term as president of the republic, also had some importance. Then Archbishop Fresno sent him a letter explaining the accord, on August 31. But it was not until October that General Santiago Sinclair, secretary general of the presidency, acknowledged its receipt, and nothing more.

Thereafter, people from the Archdiocese began to request an audience with the president, so that the prelate, who had been designated as Cardinal, could deliver the text, already profusely published in the newspapers. Finally, the audience took place on December 23 and was the occasion of a colorful and controversial dialogue, which the cardinal archbishop then transcribed and bequeathed to posterity, despite lacking historical value other than providing anecdotal rhetoric.[41]

At the event, the cardinal archbishop had carried the text to the meeting in the wide cuff of his cassock and tried to give it to Pinochet, but Pinochet put it back where it came from and stood up to terminate the meeting, the epilogue of which then consisted of an “affectionate hug” and mutual Christmas greeting before the press and cameras at the door of the presidential office. Pinochet, in addition, gave a Christmas present to the cardinal.

Hence, the National Accord was never heard from again. Contrary to what its inspirers supposed, it did not replace the Constitution, which continued to rule and apply norms as usual. In fact, this outcome was predictable from the words of one of the most important opponents of that time, the former senator and former president of the Christian Democrats, Patricio Aylwin. He said that, having been bound to seek solutions, “the first thing is to set aside the famous dispute about the legitimacy of the (present) administration and its Constitution. Personally, he said, I am one of

those who consider the Constitution of 1980 illegitimate. But just as I demand that my opinion be respected, I respect those who think differently. Neither can I pretend that General Pinochet recognizes that his Constitution is illegitimate, nor can he demand that I recognize it as legitimate. The only advantage he has over me in this regard, is that his Constitution—like it or not—governs." Accordingly, based on that reasoning, he declared himself to be in favor of entering into a constitutional pact with the government.[42]

Continuing Return of Exiles

The government was unwilling to allow its adversaries to devise its abandonment of power, given that it already had its own itinerary, but that fact did not mean that it would discontinue measures aimed at pacifying them. Thus, in September 1985, a new list was released of 482 people who had been banned from entering the country that were now authorized to return. That meant that the number of people banned from re-entry was reduced from 4,360 to 3,878.[43]

This facet of the Chilean setting always stood in contrast with that of the socialist countries under Soviet influence. In all of them, large numbers of people were reportedly prevented from leaving their respective nations, while there was no significant flow of people who wished to live in them. Leaving Cuba, for example, was impossible and there were many cases of Cuban foreign delegations whose members deserted at the first opportunity. In the Chilean case, the situation was the opposite: people were struggling to return to the country and there were still a number of persons forbidden to do so by the government.

Furthermore, never during the military government there was any policy restricting the travel of nationals abroad. Whoever wanted to leave could do so. In fact, during the periods of local economic crisis, as the debt crisis in the early 1980s, political pretext was feigned to seek asylum from other nations to obtain work abroad that could not have been achieved if there was no ploy claiming, "political persecution." Many took advantage of the situation, posing as being "persecuted" or "exiled," thus finding guaranteed work in developed nations, without in fact being victims of any political persecution—

even if they so described themselves in order to attain special privileges and travel.

The Economic Critique of Businessmen

At the inauguration of the 1985 National Business Meetup, the president of the National Confederation of Production and Trade, Jorge Fontaine, expressed his disappointment with some economic policies, although the same entrepreneurs would soon adhere to them, when they turned out to be successful measures applied by Hernán Büchi. Fontaine said, “The belief imposed…until 1982 that the country could take on more debt indefinitely and that it was more convenient, in order to favor the Chilean consumer, to maximize the acquisition of goods from abroad. This economic policy, although modernizing the Chilean productive system, did not take into account that without domestic production there would be no work and hence no ability to acquire merchandise.”[44]

Yet in fact, the appointment of Hernán Büchi to head the Treasury would mean the full recovery of the same Chicago model. Along with it was entailed the ability to achieve economic recovery that would lead to the “golden decade” of the Chilean economy—which would only be interrupted by the international crisis of the late 1990s.

The Institutionalization Advances

Neither extremist violence nor its cover-up by other sectors in 1985 prevented the military revolution from advancing the process of preparing for full democracy, slated to take place in 1989—if the result of the 1988 plebiscite were favorable to the administration—or in 1990 otherwise. Thus, the government promoted firm institutional steps, such as the June 1985 approval of the constitutional organic law pertaining to exceptional states. These included *siege* (internal commotion or civil war), assembly (foreign war), emergency (disturbance of public order, but falling short of a civil war), and catastrophe (natural disasters). In all these cases, extraordinary powers were conferred upon the chief executive.

A constitutional organic law study commission had been constituted, as previously indicated, when General Enrique Montero was interior minister, succeeding Sergio Fernández, who left the cabinet to preside over the commission. Fernandez noted in his memoirs that his successor in Interior, Sergio Onofre Jarpa, wanted to take away the presidency of the organization and then dissolve it, by passing its tasks to the State Council.[45]

Once the dispute was submitted to the president of the republic, he ordered that both entities work on the projects jointly. But later, when Ricardo García succeeded Jarpa, he decided that the commission would incorporate new members and continue working on its own. The most important legislations that the commission had to study were those established by the Qualifying Court of Elections *(Tribunal Calificador de Elecciones)*, which regulated electoral and voter registration, creating the electoral services in charge of the process: i.e., political parties, voting, and scrutiny at the polls.

This endeavor resulted in a major dispute, because the constitutional organic law of the electoral court, which the junta finally approved, provided that it be constituted after the 1988 presidential plebiscite. Thus, it obeyed the position of justice minister Hugo Rosende, who suggested that the eleventh transitory provision of the Constitution should be respected. This predicament was adopted by the junta. That transitory provision said that the Qualifying Court would only be constituted thirty days before the first election of representatives and senators and, therefore, did not authorize its existence for the 1988 presidential plebiscite.

Nevertheless, Ricardo García thought that the importance and seriousness of this presidential referendum required that such an electoral qualifying court be constituted prior. Yet doing so went beyond the administration's hard line. Finally, the Constitutional Court agreed with Ricardo García and declared that the Qualifying Court would preside over the presidential plebiscite, a decision adopted with the votes of Constitutional Court judges Eugenio Valenzuela Somarriva, Julio Philippi Izquierdo (both lawyers of note), and of Supreme Court judges José María Eyzaguirre and Luis Maldonado Boggiano. Then the order pertaining to the Qualifying Court was promulgated in October 1985 with Decree No. 18,460.

Human Rights in the OAS

While in Chile progress was being made on the institutional framework for full democracy, the OAS, a politicized entity biased toward left-wing governments, continued to facilitate, through its inter-American commission on human rights, negative reports on the respective situation in our country. Such statements were rejected by our foreign ministry, stating that "the publication of a report that has been fully objected to serious breaches of procedural order, about which the IACHR (Interamerican Court of Human Rights) had not ruled rightly, constituted a new demonstration that it intended to apply to Chile a selective, discriminatory and special procedure, which is unacceptable."[46]

It continued to present the situation of the OAS—discussing the Chilean situation in a context of ignorance—about the steps that were being taken in the country to restore full democracy and full respect for human rights. But the predominant political feeling in the OAS suffered a setback, because the report unfavorable to Chile of the IACHR, submitted to the vote of the plenary meeting of the Assembly, convened in Cartagena, Colombia, was rejected due to the abstention of several countries, receiving only fifteen votes in favor and two against, from Haiti and Chile. That quorum was insufficient, since sixteen were required for a sentence. The anti-Chilean initiative still failed, even though Chile was in the minority.

Relations with Peru

In July 1985, the country to the north formed a new government, chaired by a man of the Left, Alan Garcia (who committed suicide in April 2019, after having been accused of fraud), who expressed his animosity toward the Chilean administration. His adviser, Hugo Otero, traveled to Santiago and met with the Chilean president. He then announced that he would be willing to withdraw his troops from the north as a manifestation of his will for peace. Pinochet confirmed this plan and said that doing so would improve relations between both countries.[47]

Yet for the Chilean authorities it was inauspicious for Garcia to invite to the transmission of presidential power recalcitrant Chilean opponents Gabriel Valdes, Ricardo Lagos, Enrique Silva Cimma, Luis Bossay, and Andres Zaldivar. Even so, negotiations with Peru were advancing and at the end of the year an agreement was signed, in Arica and Lima, related to pending matters of the 1929 treaty between both countries.

In the following years, the relationship with García's government would become strained and would culminate negatively with the action taken by his government before the Hague demanding a review of its maritime boundaries with Chile, which would fail almost thirty years later and of which, suddenly, Peru would obtain something that it did not have before: greater ocean territory.

Annual economic balance

When Hernán Büchi joined the Treasury (Finance) Ministry, he applied orthodox policies that slowed down the expansionary trend derived from those applied by Escobar Cerda, which were reflected in a fall in GDP growth from 5.9 percent the year before to 2.0 percent. Unemployment returned to single digits after more than a decade, ending at 9.3 percent. However, inflation, measured by the annual CPI, increased somewhat to 26.4 percent from the previous year's 23.0 percent.

Nevertheless, the fixed capital investment rate increased to 17.7 percent, from the previous year's 13.3 percent. This augured greater future growth, which in fact took place. But the fiscal deficit also increased to 6.3 percent of GDP. This level could not be maintained and was a result of Escobar Cerda's financial management. In the balance of payments, the trade balance (of goods) more than doubled its surplus, reaching 883.7 million dollars, and the current account decreased its deficit to 1,413 million dollars, while the capital account's surplus was somewhat decreased to 1,482.8 million dollars. The final result of the balance of payments was negative again at 99 million dollars.

Foreign debt also increased slightly to 19.444 billion dollars.[48] The international reserves of the Central Bank increased to 3,206 million

and 200 thousand dollars, an increase of 124.5 million dollars over the previous year.[49] In that context, the country was already prepared to start growing strongly again.

Chapter 14

1986: The Communists' Decisive Year

"Surveillance" of the United Nations

In the midst of the economic problems that Chile had been resolving valiantly, and faster than other countries affected by the debt crisis, and despite the fact that it received discriminatory treatment due to alleged human rights issues, "special rapporteur" (observer and relator) Costa Rican Fernando Volio arrived in the country from the UN in January in order to inspect the current situation. He visited the people and places he deemed necessary, and to the disappointment of the adverse regimes, which had encouraged harassment of the country, at the end of his mission he stated, "The attitude of the government was very constructive; it did not obstruct my work; and I told them that not many governments are so inclined when they have on-site visitors observing human rights situations. The common people came forward in large numbers, giving very impressive, rich, and varied opinions."[1]

Volio's report contained thirty-three recommendations and was preoccupied with suggesting an end to illegitimate constraints, reviewing decrees related to states of emergency, ending university intervention and restoring the normal functioning of political activity.[2] It did not seem to take into account that Chile was experiencing a process that would lead, precisely, to the achievement of all those purposes, which would become effective when it was finally governed by the permanent articles of the Constitution; nor did it consider that the country was suffering from internationally sponsored terrorist harassment. Without subversive rampages, normal conditions would be much easier to reestablish, but neither the OAS nor the UN did anything to stop it from happening and the governments of many countries that encouraged the accusations against ours were characterized by providing support to subversive

and violent groups here. Hence, if they had acted the same way within their own territories, the resistance they would encounter would be of equal or greater force.

Notwithstanding all this trouble, the United States—unbelievably, in the case of Chile—took up a common cause with the Soviet orbit, as did Mexico. They promoted a condemnatory agreement of the Chilean security agencies, the courts of justice and President Pinochet, for "doing nothing to stop" abuses of human rights.[3] Unexpectedly, annoyed by this unjust sentence, Volio himself spouted off, "The resolution was political on the part of those who drafted it and also on the part of those who approved it. I would have expected more objectivity; for example, they should have taken terrorism into account."[4]

It is quite straightforward that they never did so. The propaganda fed from the KGB always imposed itself upon the reality of the facts. That notion came from Lenin's playbook fifty years earlier: "if the facts contradict the purposes of the Communist Party, tough luck for the facts." Beginning in 1986, the leftist roundtable issued a New Year's message. That faction was composed of the Communist Party, the *MIR*, the Socialist Party-Almeyda, the Christian Left, the *MAPU*, the *MAPU*-Peasant-Worker, the Socialist Party-Historical, the Socialist Party-Mandujano, and the Socialist Party–XXIV Congress (when the Socialists divide, they really do a serious job of it). What was the message? "1986 must be the year that tyranny is overthrown."[5]

The Armed Mirista-Communist Way

"Dreadful Tragedy," headlined the newspaper *La Cuarta* on February 18, 1986. It reported on the fifty-eight dead and five hundred wounded in a railway accident at the Queronque station, between Limache and Villa Alemana, northeast of Valparaíso, the day before.

On account of a terrorist attack perpetrated just days before by a MIR commando who would later become a minister and senator of the Concertation during the 1990s, the railway line had been reduced to a single track, which was the exact cause of the head-on collision of two trains carrying over a thousand people. For its part,

the armed wing of the Communist Party would be launched to full-bore violence in 1986. A communist leader said thus:

> We must consider that the line drawn by *the plenary*—referring to the Plenary Session of the Central Committee of the Communist Party of January 1985—the preparation for the national uprising did not mean that all the people must take up arms. There will be different methods used: some armed, others not.

A study on communist military strategy reflected what follows:

> Undoubtedly, the preparatory stage for subversion had already been in progress for some time. In the first hours of January 1986, the different forms of struggle resumed—especially armed ones. Two bombings in a *Carabineros* building in Valparaíso caused two injuries on January 2nd; several other bombs exploded in Santiago. The next day there were blackouts in Lota and Punta Arenas, accompanied by incidents in the latter city. On January 8th, two children were injured by a bomb in Valparaíso. On the 10th, also in Valparaíso, a motorized railway streetcar was destroyed. On the 12th, a clash with subversives took place in Santiago, and a *Carabineros* officer was wounded.[6]

Even the German press reported on communist violence in Chile. Below is a report from *Berliner Morgenpost*:

> Many of these terrorists learned well from their lessons—including "silent killing" techniques and skill in bomb placement—in a secret camp for training terrorists in Naumburg (located on the Saale River, in East Germany, near Leipzig). In just three years, from January 1984 to December 1986, more than six hundred Chileans were killed or wounded in terrorist acts.[7]

Human Rights and Freedom of Expression

Symbolizing the freedom of the press that existed in Chile during the military government and that the annual assembly of the Inter-

American Press Association (SIP) denied existed year after year, the magazine *Hoy*, related to the Christian Democrats, published a painting in May 1986 entitled “Living in Peril.” It provided a summary of the main human rights violations during the 1979 to 1986 period, using figures furnished by the Vicariate of Solidarity of the Catholic Church. The government strongly questioned the authenticity of these figures, but they are here republished with the conviction that “they are probably truer than falser,” at least according to historian James Whelan.

Year	Arrested	Killed	Exiled	Tortured
1979	1,325	14	1	143
1980	1,129	17	106	91
1981	911	33	60	68
1982	1,789	24	81	123
1983	15,077	96	130	434
1984	39,440	74	170	205
1985	9,116	66	171	168
1986	33,665	58	—	255
Total	**102,452**	**382**	**719**	**1,487**

(The Vicaría defines *killed* in several ways: as those executed or killed in armed confrontations, along with those killed by politically motivated murders, torture, unnecessary violence, abuse of power, and “others.” *Arrested* included people who were detained even for a few hours. In 1986, street demonstrations, the resurgence of terrorism, and the attempt

to assassinate Pinochet explain the sharp rise in the number of arrests.)[8]

The Private Political Committee

During a meeting on April 2, 1986, the National Council of the Christian Democrat Party approved the action plan for that year and decided to negotiate "privately" with the Communist Party about issues pertaining to social mobilization. This negotiation sought to create a political committee of combined forces or coalition (*concertación*), i.e., a private political committee, a name by which it would be known in the future, integrating parties from both the Democratic Alliance and the *MDP*, ranging from right-wing Republicans to communists and miristas. Once incorporated, this committee met twice a week "to coordinate public demonstrations" and was made up of the "people in charge of social mobilization" from each group.

Correspondingly, it was stated from Moscow that "the opposition political agreement is already in progress, which would be manifested through the organization of the Metropolitan Congress of Slum-Dwellers of April 11th, the national university strike on the 15th and 16th, and the national conference of the National Workers' Command from the 18th to the 20th of the same month." Gabriel Valdes Subercaseaux, president of the Christian Democrat Party, confessed on April 13 that the opposition, "from the view point of social mobilization, is united today, regardless of any ideological considerations," adding that "the current, tense situation that the country is experiencing is becoming more radicalized and deepening by the minute."

The President of the USA versus His Subordinates

Remarkably, on March 19, 1986, the president of the USA, Ronald Reagan, wrote the following to the president of Chile, Augusto Pinochet, in terms that would have made one suppose that his government was a friend of ours:

> As your government enters its sixth year under the 1980 Constitution, I wish to reiterate my government's willingness to work closely with your country in all matters of mutual interest.
>
> We know very well that your determined action and that of the vast majority of freedom-loving Chileans avoided the consolidation of a permanent communist outpost in South America—a feat that has earned you the persistent hostility of the Soviets.
>
> We respect that historic achievement and we want to do everything in our power to ensure that the painful steps taken in 1973 lead safely to the establishment of a strong and effective democracy, capable of satisfying the aspirations of the Chilean people and defending the independence of the Chilean nation.
>
> Please be assured, Mr. President, that the policy of this administration will remain fully consistent with the noble objectives proclaimed at the beginning of the difficult historical stage through which you and your governing colleagues guided your country. It is our firm desire to work with you to ensure that those goals become a reality.[9]

If only the bureaucrats in the United States the government had listened to their president! The contrast between the higher echelons of the Reagan administration and the bureaucratic official level of the State Department was always notorious—the latter maintaining a very adverse temperament toward the military government, completely permeated by the global propaganda campaign of the KGB, akin to the American press in general.

As a representative example of the foregoing incongruency, I will later detail a *Time* article in magazine of 1986 that included numerous errors about the Chilean situation, all biased against the Pinochet government. Reagan's ambassador to Chile in those years was Harry Barnes, the polar opposite of his predecessor, James Theberge, and whose mission seemed designed to achieve the opposite ends of the good intentions of Reagan that were expressed in his foregoing letter.

As an observer of current events, it always seemed inexplicable to me that a president like Reagan could send to Chile, at that time, an ambassador like Barnes. But without considering all the preconceived ideas that he had about the Chilean situation, I did enjoy some personal friendship with Harry and when I later wrote the book, *Yes or No*, referring to the 1988 referendum, he was worried enough to underscore that I had dedicated it to “my friend Harry.” However, his anti-government attitude was quite manifest and pretty undiplomatic.

As an anecdotal yet decisive fact, at that time I was invited to a dinner at the Caleuche, the social club for retired sailors. A former Navy officer there said that, being dedicated to the business of real estate remodeling, he had won a bid on a project offered by the American embassy to remodel and furnish a luxury apartment on the elegant Avenida El Bosque in Providencia, Santiago. Having finished his work, and having received his payment from the embassy, he learned with surprise that the apartment would be occupied by Salvador Allende’s widow, Hortensia Bussi, who had resolved to return and live in Chile. I think that giving her such a generous American subsidy speaks volumes about the bias of the American mission under Harry Barnes.

Municipalization Was Not Over Yet

In January 1986, the Transfer Commission of Educational Establishments announced that the process would end in March, since both legislation and implementation deadlines allowed it, given that only 828 establishments with twenty thousand employees were left to be transferred. The total was 7,850 institutions and the task had taken six years, during which time over seven thousand were conveyed.

The government proposed a bill on the teaching statute, which favored teachers of state-subsidized establishments along with those of private schools that cooperated with public educational activities. Pinochet received the support of the teachers association to carry out the municipalization. Nevertheless, in July of the same year, the transfer of establishments to the municipalities had yet to be

completed, and it was recognized that 10 percent of them were still left undone.[10]

What Was the “Decisive Year” Made Up Of?

President Reagan’s sympathetic attitude toward the Chilean administration contrasted sharply with the actual exploits of American diplomats and what was published in almost all the Chilean press. The press implicitly supported the dissociative and violent action of communism, as if it were a proper way to criticize and weaken the military government in its imperative action against terrorism, generally favoring communist plans alone.

Read what the “decisive year” of the Communist Party amounted to, described by historian Gonzalo Vial, who became a severe critic of the military government in the matter of human rights after having been one of its ministers:

1. Bring to a climax the political-social upheaval.
2. Assassinate Pinochet.
3. Immediately afterwards, stage a popular uprising, heavily armed, to bring the administration to an end.

   The final two stages would come to fruition beginning in September.[11]

For his part, Christian Democrat leader Gabriel Valdés had his own “decisive year:”

> United, all social, professional, student and union organizations, will achieve a social pact that expresses the national demand for change. We report that in 1986 we fought for the real democratization of the country. The year of maximum strength has arrived.[12]

As previously stated, a private political committee had been formed, composed of all opposition parties—including the Communist Party. “In short, Communist leader José Sanfuentes revealed the existence of these negotiations in a press interview,

before which the Christian Democrat Party had to recognize the fact that it was acting according to a double standard.[13]

The National Assembly of Civility

Juan Luis González was a Catholic doctor and former student at Saint George's College (high school) in Providencia, northeastern Santiago (hailing from when it was an "orderly" school run by American priests from the Holy Cross congregation). He was active in organizing a new entity to fight the administration, the National Assembly of Civility, which carried out its first activity on April 24, 1986, while still under ecclesiastical shrouding. It was supposed to integrate rightist people as well as miristas and, of course, the Democratic Alliance and the MDP.

The assembly solemnly undersigned a document detailing the demands of Chile, wherein, through threatening civil war, it indicated the necessity of resolving "the institutional crisis by avoiding a fratricidal confrontation." Moscow was exultant and qualified the assembly as "an organism that has broad management never before seen…sheltered by a weighty institution like the Catholic Church." A "companion along the way," which was just right. It added that the assembly represented the culminating expression of the "decisive year."[14]

The same group organized a national strike for July 2 and 3, during which time thirty-five *carabineros* were assailed by bullets. Hardly *civility*! The government initiated proceedings against the assembly for violating the state security decree and its directors ended up in prison. Rodolfo Seguel, the copper mining union leader who presided over the National Workers Command, called the strike "a success, beyond anything we could have imagined." Too, Radio Moscow described it as "the greatest mobilization that had taken place in the last thirteen years."[15] Yet it passed into the dustbin of history and nothing changed in domestic life.

Cold-Blooded Murder

On April 25, 1986, the communist armed wing, the FPMR, composed of people sent to be trained in Cuba by local red leaders Gladys Marín, Volodia Teitelboim, and Orlando Millas—as we saw detailed earlier in the memoirs of the latter man[16]—set a trap to murder a group of *carabineros*. They called in to report an assault on the Lautaro bakery in La Cisterna in South Central Santiago. Several *frentistas* (*rodriguistas*) already posted in concealed positions fired on the squad of carabineros in the patrol van who had answered the call, killing twenty-year-old officer Miguel Ángel Vásquez Tobar. His companions returned fire and wounded a *frentista*, Hugo Gómez Peña. The subsequent judicial investigation of the facts proved that Gómez Peña was treated at the Chiloé Clinic, paid for by the Vicaría de la Solidaridad of the archbishopric of Santiago, after first receiving help and protection from a lawyer and a doctor of the Vicaría, Gustavo Villalobos and Ramiro Olivares, respectively.

Both were jailed by order of the military prosecutor's office that was investigating the case, but the prosecutor was never able to get Monsignor Sergio Valech, the Vicar of Solidarity, to hand over the medical records of the *frentistas* that were held by the aforementioned entity of the Archdiocese. That conduct, which constituted an evident obstruction of justice, if not an intentional coverup, went unpunished.[17]

Such provision of logistical services to armed extreme-left terrorists by Monsignor Valech, was rewarded nine years later by socialist president Ricardo Lagos, who gave the vicar the presidency of the National Commission on Political Prison and Torture. Doing so was one of the most shameful arbitrary leftist acts used to change history and profit from violence. This same commission granted lifetime pensions to approximately 29,000 people without any other requirement than that they declare themselves to have been "tortured" between 1973 and 1990 and garner the sponsorship of a parliamentarian. The torture endured by victims of the Popular Unity in the early 1970s, reported by the Right and the Christian Democrats in 1973, along with the torture borne by those under the

Christian Democratic government in the late 1960s, decried by socialist lawyers in 1970, were left out of consideration...and without any special lifetime pension.

The lawyer prosecuted in 1986 for covering up terrorist activities, Gustavo Villalobos, was rewarded by the government of Patricio Aylwin in 1990. He was given the top management job of the National Intelligence Agency (*ANI*), supposedly designed to protect the country from terrorism, i.e., the opposite of what Villalobos had practiced as a lawyer while working for the Vicar of Solidarity.

The Causes of violence

For anyone living in the country in 1986, the cause of the prevailing violence was quite clear: there was an active terrorist movement, armed and financed from abroad, which committed violent assaults. Nevertheless, the Chilean episcopate held another opinion. The Episcopal Conference issued a document on July 14, and according to it, the causes were:

1. the much-prolonged suffering of so many of our brothers;
2. the lack of social participation, especially in the political process;
3. the military character of the administration;
4. the way in which police functions were exercised at times; and
5. political terrorism in its various forms.

At last, in number 5! But such permanent communist self-aggrandizement did not satisfy the entire opposition force. The magazine *Cauce*, quite opposed to the administration—recalling that there were more political magazines opposed to it than in favor of or indifferent to it—confessed the "inability of the opposition to impress an ascending and sustained rhythm on social mobilizations." And it concluded: "The truth is that the primitive design of mobilization had entered into a retreat phase."[18]

Armament for the Revolution

Visiting Chile, the head of the southern command of the United States Army, John Calvin, informed the Chilean general staff of the existence of powerful arsenals stockpiled on the north coast of our country, which had been photographed by American satellites.[19] Later, it would become known that Cuba and the communist armed wing, the FPMR, were behind this clandestine garnering of arms.

The Democratic Alliance, a pact opposed to the military government, united Christian Democrats and socialists for the first time, albeit excluding the communists. Indeed, alliance members knew about the insurrectional strategy of the latter and believed in it, using a criterion similar to "I do not want it, I do not encourage it, but I throw my hat into the ring anyway." In short, they hoped that if the communists achieved their goal of removing the government by violence, the Alliance would assume power in short order.

The fact is that in mid-1986 the most voluminous clandestine stockpiling of arms ever recorded in Chile—and in the hemisphere—was confirmed. Weapons were landed off of heavyweight schooners that had received their cargo from Cuban ships on the high seas. The communist agents were discovered, despite the fact that, under true camouflage, they had harvested and sold seaweed. But participants of "the market"—the true seaweed collectors—realized that something strange was happening: these new collectors did not pay much attention to the price they received at market, and were thus starting to lose business. The entire operation was perfectly disguised as a legal business, carried out by a limited liability company constituted by a registered, public document that was published in satisfaction of legal requirements.

Likewise, it operated with two fully authorized boats and with proper, up-to-date navigation permits in order. It transported seaweed from the area, near Vallenar, in north central Chile, and trucked it to other parts of the country, from perfectly constructed and installed warehouses. The visible leaders of the operation were *frentistas* Alfredo Malbrich and Sergio Buschmann, The first of these men was recruited to the *FPMR* by none other than the head librarian of the Vicariate of Solidarity of the Archdiocese of Santiago, José

Manuel Parada, killed in 1985 by members of the carabineros' DICOMCAR, which gave place to the judicial proceedings noted in the previous chapter. The second man, Sergio Buschmann, was an actor who worked in Santiago's Vaudeville theaters.

Passed-over pick miners were used by extremists to hide the landed weapons and ammunition as "crowbars," having originated from at least three transfers from Cuban ships to our coastline during the first half of 1986, of which the name of one is known: the *Río Najasa*. From such "crowbars," arms were sent in small shipments all over the territory, reaching the older communist houses found throughout the country. The recipients naturally welcomed them without scruples because they had always known that the Communist Party held the seizing power by force of arms to be its fundamental purpose (albeit not always published), in order to establish the dreamed "dictatorship of the proletariat," wherein it would be the sole party.

The true seaweed collectors in the area believed they faced unfair competition, which lowered prices, and thus turned to the municipal authorities for help. The authorities undertook a cloaked inspection and found that something strange was happening with these new "entrepreneurs" that had arrived in the area and subsequently tipped-off the regional authorities, who became suspicious and notified the central government. Accordingly, police and intelligence agents were sent. They discovered weapons depots, managing to capture some of the extremists who were not able to escape in time.

The Democratic Alliance did not agree with (while still wanting to take advantage of) the strategy of the Communist Party to seize power by arms, which is why it announced that 1986 would be "the decisive year." But the Alliance knew about it and wanted to "take chestnuts out of the fire with the cat's paw." However, the all-knowing eye of the Americans had also examined the disembarkation of arms, so much so that Pentagon undersecretary Néstor Sánchez came to the country, calling a meeting with the key leaders of the Chilean Christian Democrats. The following question was posed: "Do you know that the trunks containing stockpiled arms in the north are deigned to last for years to come?"[20]

They then realized that communist weapons were not only intended to overthrow the military government, but also to prevent the parties of the Democratic Alliance from taking power—no matter how democratic their intentions supposedly were. Communist arms had the purpose of resolving the future by deploying arms instead of voting, and by leaving the future in the hands of the communists. The arms came from Cuba for a good reason. “The following week the private political committee that served as liaison between the Democratic Alliance and the Communist Party was deactivated. The breakdown was complete.”[21]

The Arsenal Came from Cuba

A 1985 report from the US Embassy in Chile had informed its government that the worst threat to the lives of Chileans came from the terrorist group formed by the Communist Party, the *FPMR*. Given the brainwashing that occurred in both Chile and the United States about Chile’s recent history, that report likely no longer exists or has “not yet been declassified,” but I had a copy of it in my hands and I read it with my own eyes, although over time I lost it. James Theberge was ambassador then, who we saw was (strangely) replaced by Harry Barnes, even though the Reagan government was sympathetic with the liberating military revolution. Barnes emerged as the best ally of the opponents and denigrators of that revolution.

The following year (1986), the *chargé d’affaires* of the United States in Chile, George Jones, declared publicly that with the landings of weapons already discovered—knowing that what was found was not all that came ashore—one could already qualify the arms smuggling as the largest ever registered in Latin America. Between January and July 1986, the intelligence agencies, the armed forces, and carabineros had seized much weaponry from the landings of Cuban ships along the Chilean coastline, 3,200 M-16 rifles (American materiel captured in South Vietnam), 114 RPG-7 Soviet rocket launchers, 167 LAW armor-piercing rockets (some were used in this same year’s attack against President Pinochet), grenades, ammunition, and other accoutrements.[22] Two million cartridges of

ammunition were tallied, “enough materiel to equip the combatants for a long and widespread struggle throughout the country.”[23]

The discovery of smuggled weapons has never come to an end. As late as March 2002, a “crowbar” was found on a semi-abandoned building site in Malloco, near Santiago, under the floor of a woodshed. There, materiel was found in a hole 2.7 meters long and 80 centimeters deep, belonging to a communist professor who had been mistakenly exonerated by the military administration. All this activity was in line with the dictates of Radio Moscow, where high communist leader Volodia Teitelboim proclaimed: “It will be a year of titanic combats.”

Also, as late as 2002 were found 104 M16 rifles (multiple magazines included), thirty-three FAL French automatic rifles, four RPG rockets, one rocket launcher, two grenade launchers, thirty antipersonnel weapons, four hundred rifles, and fifteen thousand rounds for those weapons. Military prosecutor Fernando Torres estimated that 20 to 30 percent of such arms stashes were never discovered, amounting to perhaps twenty to forty tons of weapons.

George Jones further stated that “his country did not doubt the discovery of arsenals in Chile, reporting that it was the largest number of individual weapons discovered in a Latin American nation that were certainly smuggled in by communist forces in order to help extreme left terrorists operating in the country.” Reporters added that “the diplomat made these statements when he went to the *Carabineros* Hospital in Santiago to express his government’s regrets, and those of the American Embassy in Santiago, for the police officers who were injured over the last several days, remarking that the path of terrorism is not the way to resolve political problems. ‘The path to resolution is dialogue, reconciliation, conversation, and avoiding all violent confrontation’ he added.”[24]

Change of American Attitude

This American attitude would change when Harry Barnes, who jumped to the extreme conclusion of attributing a terrorist attack perpetrated by the FPMR in his residence’s neighborhood to the military government, arrived.[25] Nonetheless, Barnes announced that

the United States was studying the use of economic pressure to force the Chilean government to negotiate with its adversaries on their desired terms. Hence, we had to fight communist and American aggressors simultaneously.

The Chilean ambassador in Washington, Hernán Felipe Errázuriz, reached an agreement to keep Chile within the general system of preferential tariffs, from which some had tried to exclude Chile through the Weiss resolution that, in addition to economic sanctions, sought to put an end to joint naval exercises. In return, the government committed itself to approve changes to the extant labor legislation in order to facilitate the formation of unions, to eliminate the permission to dismiss workers after 59 days on strike, and to allow union federations to join more than just a single confederation.

Also, within the scheme of American hostilities, Senator Edward Kennedy arrived at the beginning of the year, but his visit lasted no more than several hours. It was hindered by *UDI* supporters of the government who were blocking a main highway. Some of the protesters wore life preservers and carried photographs of Mary Jo Kopechne, of Chappaquiddick fame, while *carabineros* did little to impede the protest, with Pinochet designating Kennedy an enemy of the Chilean people on account of his amendment prohibiting arm sales to Chile. Protesters also threw eggs and a stone at Kennedy's car later in the day.[1] [26]

Christian Democrats Frightened

On August 28, 1986, the National Council of Christian Democrats condemned the clandestine entry of weapons, reiterating that "all of our political alliances are excluded that encourage or support violent or terrorist actions." It knew that chatter about the finding of stockpiled arms favored the government in public opinion.

The Christian Democrats publicly declared their up-front rejection of any attempt to benefit from the future National Day of Protest scheduled for September 4, "through violent or terrorist actions." It denounced the Communist Party, the FPMR, and the MIR for following "a strategy that not only justified but also proclaimed as virtuous the armed way."[27]

The communists, who still maintained that the discovery of their arsenals was a sham, criticized the Christian Democrats: “We think that you use the armaments subterfuge as a pretext to justify backing away from positions taken by your party and tried long ago… This finking out has been seen several times in attitudes aimed at stopping social mobilization and weakening the Assembly of Civility… Now you all hardly talk about ungovernability and civil disobedience.”[28] Indeed, the Christian Democrats feared that in the end communist arms would be used against them.

As a result of this new political climate, the national day of protest slated for September 4 was a resounding failure. Radio Moscow had announced that “both in the capital and the northern and southern regions of the country millions of leaflets calling for a mobilization beginning today have been distributed.” But the mobilization failed; industry, retail commerce, and other activities functioned normally. The communists committed a serious error, too: one of their attacks on the Metro left two injured and through other violent actions they killed four people.

From Moscow, Volodia Teitelboim blamed “capitulating sectors” for having “pacified the social mobilization.” On the night of September 5, communist guerrillas caused blackouts in Santiago, Valparaíso, Viña del Mar, Talcahuano, and Concepción. What was the result? Days later, the president of the Democratic Alliance, Enrique Silva Cimma, declared that it had cut off any relationship whatsoever with those parties that practiced violence. And finally, after the coming attack on Pinochet and the renewed declaration of a state of siege, the president of the National Workers’ Command, Arturo Martínez, a socialist, declared that he condemned violence as a form of struggle, suspending his activities promoting social mobilization.

The Murder of Simón Yévenes

Another expression of the brutality of the communist FPMR was the cold-blooded murder of forty-three-year-old Simón Yévenes in front of his family. He was a beloved UDI neighborhood leader, shot in his place of business in the Brasil slum located in southern Santiago. He was an electronic technician and owner of two businesses in the La

Castrina district of San Joaquín in South Central Santiago. He was a peaceful and well-appreciated man.

One day, a guerrilla with an olive-colored uniform entered his place of business and shot him without saying a word. Another terrorist serving as a lookout waited outside. The communists did not bother trying to avoid incriminating themselves, although everyone knew from the first instant that the authors of the murder were part of its armed wing. Radio Moscow itself, in its daily program *Escucha Chile* ("Listen up, Chile"), confessed that Simón Yévenes had been "brought to justice."

Of course, the Chilean justice system never managed to identify the killer. And if it had done so, he would have been, like all other bloody criminals, pardoned by future president Patricio Aylwin or favored with the commutation of their sentences by means of "voluntary exile" to a European country with a guaranteed job. Both the 1991 Rettig Report and the Museum of Marxist Remembrance, founded under the *Concertación* governments, had to recognize Yévenes as a victim of human rights violations. The *Wikipedia Encyclopedia* of the Internet in Spanish also gives its account of the communist armed wing's (*FPMR*´s) participation in the murder, along with the efforts of its successor organization, the Manuel Rodríguez Patriotic Movement (*MPMR*), to remove Yévenes' name from among the victims of human rights abuses.

The UDI's principal leader, Jaime Guzmán Errázuriz, spoke with a heartfelt homage during his funeral on April 4, 1986. Five years later he, too, would fall victim to a terrorist attack by *FPMR*.[29] And twenty years later, in *El Mercurio*, Yévenes's son Eliecer remembered his father in the following manner: "The constant struggle for what he believed eventually led to his death, because Simón died neither for being a rightist nor for belonging to *UDI* at that time, but rather for his convictions, for protecting his family from vandalism, for believing that man may be free, and not be daunted by constant menacing."[30]

Generalized Extremist Violence

Gonzalo Vial, a historian who behaved quite adversely to the military government while serving on the Rettig Commission, could not

ignore the extremist events of 1986. In his later work, he described them as follows:

> Meanwhile, the terrorism of the *FPMR* intensified. The victims were almost all innocent, in the sense of being alien to the bloody political struggle… Oftentimes the attacks involved using acid and firebombs against sentry booths and vehicles used for public transportation. Injured, in varying levels of severity, were a mother and her two-year-old daughter, three officials from a bus terminal in Matadero-Palma (central Santiago), and another from a taxi stand in San Miguel (he was left paraplegic); four passengers of a Valparaíso bus were burned with acid; five others ran the same luck in a similar vehicle on the San Cristobal-La Granja route, etc.
>
> The bombings also continued in very crowded places: a public bath on Alameda (four wounded women), Teatinos at the corner of Alameda (downtown Santiago) (36 injured), the railroad station in Viña del Mar (three injured), the Tobalaba station (one dead and six wounded) and the San Pablo station (two wounded) of the Santiago Metro.[31]

Public opinion then (unlike today) showed awareness of the seriousness of the extremist armed threat. The National Corporation for the Defense of Peace, linked to the government, published in the country's main newspapers on March 26, 1986, three pages with descriptions of forty-seven uniformed and security agents "Fallen for God and country in compliance with their military duties." The heading read: "Subsequent to April 19, 1978 (the date of the amnesty decree), the following members of the Armed Forces, Order and Safety were assassinated by international terrorist groups through their local agents."

Then the photographs of the forty-seven soldiers, sailors, aviators, police officers, and detectives killed by leftist organizations, such as the *MIR* and the *FPMR*, were thus reproduced. Under each photograph was detailed the status of the judicial investigation of each homicide and the names of the defense attorneys, most of them being related to the Vicaría de la Solidaridad of the Archdiocese of Santiago. The latter constituted an important

logistical contribution of the Catholic Church to terrorist activity, which in this way saved money in financing courtroom defenses, thus leaving greater resources to allocate for buying more arms and explosives to kill even more Chileans.

A group of defenders of historical truth wanted to republish this insertion in the main newspapers of Santiago on the occasion of the anniversary of September 11 in 2016, but the same newspapers that had published it earlier were only willing to republish it if some redacting were done, removing the status of the processes and the names of the defense lawyers. Finally, two of the three pages of paid advertising (at a cost of thirteen million pesos) appeared in *La Tercera* alone, with photographs of those killed. Most of the text under each photo was redacted and left blank.[32]

The present cannot handle the truth of the past. The newspapers do not dare to publish the pages of their editions from thirty years ago, for fear of the left-wing justice that dominates the courts and the violence that the Left does to the facts. The morning newspaper *La Tercera*, after the paid publication referred to above, had to tolerate a protest demonstration within its offices, with shouts and banners, from its leftist journalists against the newspaper's management, for having permitted the ad.

Road Companions

We saw in chapter 11, "1983: Painful Convalescence," that in that year the Assembly of Civility had been formed, which had placed the *demands* of Chile on the table, but whose importance was found in that it served as a bridge between democratic (i.e., Democratic Alliance) and totalitarian (*MDP*) opponents, which in turn were split between the Democratic Workers' Confederation, with links to the United States (where trade union folk were anticommunists), and the National Workers Command. We saw before that the president of the Workers' Unitary Central accused the command of being a "front organization" for communism.

But in fact, for the purposes of provoking "ungovernability"—this was based on the exigent assumption that Pinochet and the junta were going to fall into such a state of depression that they were

going to resign. Hence, all opponents concurred in trusting in extreme violence that was invariably provoked by “peaceful protests.” On May 20, 1986, the *CNT* organized what it called “a great day of mobilization and struggle against tyranny.” It resulted in only one death, a young man shot when he was on the Loreto bridge in Forest Park in downtown Santiago. The *FPMR* contributed to the protest by dynamiting fifteen electricity towers, which caused a two-hour blackout between Atacama in the Third Region, 850 kilometers north of Santiago and Bío Bío in the Eighth Region, 550 kilometers south of Santiago.

A month and a half later the Assembly of Civility called for a “prolonged national strike,” which not only caused seven deaths, but also gave rise to an enormously valuable advertising milestone for the extreme Left in particular, and the adversaries of the military government in general, the echo of which still reaches down to the present day. Indeed, the event even impels supporters of the junta to issue condemnations against it as a result of these events: “the burning case,” which is described in the subsequent section.

Nevertheless, paradoxically, the violence unleashed in the communist “decisive year” definitely better served the administration than its opponents. Ricardo Núñez, a renewed socialist, declared that the violent policies of communism

> not only originated in its inability to promote consensus, but instead—we believe—were tremendously far from the interests of the Chilean people…the objective militarization of politics constituted by the actions of the *MIR* and by the vast military project that underlie the creation of the Manuel Rodríguez front and its successive actions, ranging from the abduction of children and the indiscriminate detonation of bombs—which did not cease from engendering innocent victims—the assault on military and police installations and the massive ingress of weapons, can hardly be ignored in the name of seeking agreements that set aside differences. The attempt to bring to fruition a supposedly revolutionary situation in order to impose an “advanced democracy” is not

only a minority project within the left, it is also a weakening factor, (leading to) sectarianizing.[33]

The “Burners Burned” Case

However, over the long run, the extreme Left has drawn considerable dividends from its violent actions in 1986—and has even done so with the support of the Christian Democrats—despite the fact that they repudiated the violence done during that year. The same is true for the center left, which never completely repudiated it, with the unique exception we saw in Ricardo Núñez’s affirmation. After 1990, both groups ended up being generously compensated, through the initiative of President Patricio Aylwin, for the subversive actions in 1986 they claimed to condemn.

The foregoing benefits are documented through the evolution of the “burners burned” *(“quemadores quemados”)* case,” which occurred in mid-1986, in the vehemently violent aforementioned attacks. The case was completely disfigured with the passage of time, to the extent that right-wing leaders—former supporters of the military government—affirmed in 2016 that the “military government burned people for thinking differently” (quoting Senator Manuel José Ossandón of the National Renewal Party).

But the facts do not support that sentiment. In July 1986, a military patrol caught Rodrigo Rojas and Carmen Gloria Quintana by surprise. They were two subversives carrying highly combustible elements to make burning barricades and to torch any stray public transportation vehicles that had not bowed before the work stoppage protest decreed by the opposition. The truth, almost unknown today, as usual, consisted of a judicial proceeding that followed in the wake of the case, and that ended in Captain Pedro Fernández Dittus, who commanded the patrol, being convicted of manslaughter—i.e., without him having any intention to commit the crime.

The court case contained all the sworn statements necessary to arrive at the truth, but many false witnesses appeared who confounded it. We know they were *false* witnesses because nobody witnessed the events outside of the actors involved: the two young people and the fifteen patrol members. I had access to key elements

of the proceedings thanks to lawyer Carlos Cruz-Coke, who was defending Fernández Dittus. I also had, as usual, insiders who knew the truth but who were restricted from making it known—either out of fear or because they thought they were failing to be as discreet as they should owing to the exercise of their job functions—who approached me personally to give me their testimony, with no other expectations or interests other than to reveal the truth.

In public debate pertaining to the military revolution it is common to refer to a government that "made dissidents disappear, being beheaded or burned." This rhetoric is nothing but fiction, since the government did not promote a policy of making people disappear, never ordered the slaughtering of anyone—on the contrary, it was the first to react against such violent reprisals, to try to prevent it, and denounce those who did so when it did happen—and least of all had a policy of burning its opponents.

Retired Army officer Colonel Ricardo Ramírez Ruiz, who was in charge of the internal investigation of the burning case within his institution in two of its facets, since he prepared the criminal case and findings and did the judicial reconstruction of the crime scene, wrote me a letter that included the following details:

> The fifteen-man patrol, who were cruising in an Army vehicle, found a barricade on General Velásquez boulevard in Santiago. Those who erected it and who were about to light it on fire, ran towards Hernán Yunge street, carrying bottles with flammable liquid. They were caught and arrested. In reality, they were heading to a nearby "safe house."
>
> On Hernán Yunge street, the entire patrol was joined by the detainees and the fuel cans that they carried. In an instance of carelessness, Carmen Gloria Quintana tried to escape, but she tripped over one of the bottles, causing it to ignite, along with both her clothing and Rodrigo's. A sergeant who reached them tried to extinguish the flames consuming their clothing, which he did, also burning himself in the process.
>
> The captain was disoriented while looking over this scene and, after speaking with his junior officers, resolved to take the detainees to the *Carabineros*. Upon hearing that, Rodrigo Rojas begged the captain to be left anywhere but with the

Carabineros, and the captain agreed, because, apart from both young people's clothes being singed, the burns did not appear to be severe and the two youths affected by them were not complaining.

The captain then returned them to the place where they were found and returned to his barracks, without notifying his superiors. However, the sergeant afflicted with the burns went to his unit's nurse. In addition, the media soon made known its discovery of the two young people with burns and, in particular, the death of Rodrigo Rojas on account of them. The news spread around the world, of course, blaming the military for having burned them.

The propaganda effect of the case was devastating, because it lent itself to affirm that "the military government burned those who thought differently," as the right-wing senator quoted above said.

Moreover, the version of future president Mr. Patricio Aylwin noted in his *Memoirs* is decidedly false. He stated that: "the protesters planned to make a bonfire in that place, for which they carried a can of kerosene" and then added that "a military patrol surprised them in the act…not limiting itself to simply dispersing the group and arresting those whom it believed were criminally responsible, but acted brutally in their repression by spraying those young people with fuel and lighting them on fire."[34]

That version contradicts the ruling of court of appeals Judge Alberto Echavarria Lorca, the investigating judge appointed in the case in 1986. He determined that there was an accidental toppling of a highly explosive fuel container carried by the young people in order to burn public transportation vehicles. This liquid was ignited by its container being broken alone, without having to light it. As a result, they were injured. This version was contradicted decades later by the subsequent investigation of the current investigative judge Mario Carroza, revealing the degree to which gratuitous mantras and imputations have come to dominate and distort the recounting of such events that took place during the military government.

A Decisive Reaction

Incidents such as that one are often game changers in terms of the public image of the governments under which they occur. If beforehand such administrations had been subjected to a sustained campaign of denigration, as was the case with the Chilean military government—such incidents will be turned against them and reinforce the exaggerated or false rhetoric. Such difficulties occur even though the facts show that the respective governments, as it was in this case, were not responsible for the affair. Moreover, it turns out that the same retired Colonel Ricardo Ramírez Ruiz, who was so close to the "burners burned case" investigation, gave me in writing further decisive testimony regarding the propagandistic effect related to the foregoing facts that he had to investigate.

A caveat: his mother was the sister of two distinguished Chilean lawyers, Julio and Carlos Ruiz Bourgeois. The first one, Mr. Julio Ruiz Bourgeois, was former minister of mining under Gabriel González Videla's government (1946–1952) and professor of mining law at the University of Chile (under whom I was counted a student when I studied law between 1953 and 1957). The second was Mr. Carlos Ruiz Bourgeois, a lawyer member of the Supreme Court, who played a leading role in the following incident that his nephew retired Army colonel Ricardo Ramírez Ruiz mentioned to me in his letter:

> In my parents' home, my mother's brothers and sisters gathered for lunch each Friday, meals that I attended, too. One of these brothers, a lawyer and professor at the University of Chile along with another university and, on that date, was also a member of the Supreme Court, while listening to the radio or TV (I do not remember which) news about the "burning case," jumped out of his seat and shouted, "Pinochet is a murderer!" forgetting the fact that he ordinarily was always dignified and gentlemanly person, and always showing good manners and respect for me, his nephew, an Army Colonel. He was so out of control that he had no consideration for neither his sister (my mother) nor his brother, much less me, when repeating the word "murderer."

In order to see just how disproportionate this reaction was, which might have been that of thousands or millions of people predisposed by the predominant worldwide propaganda lashing out against the military government, consider what civilian Judge Alberto Echavarría Lorca said, who investigated the case. He was an old and prestigious magistrate, an "extraordinary visiting minister," appointed by the court. Indeed, he received national and international public notoriety for his sentence issued on July 23, 1986:

> A) That Rodrigo Rojas De Negri and Carmen Quintana Arancibia were detained, on the 8th of this month, by a military patrol that ensured the free circulation of vehicles, temporarily holding them in the place where they were apprehended, one next to the other and both adjacent to easily combusted elements, ignition that took place due to some movement of the young woman that knocked over and broke the packaging of one of those elements, causing serious burns to both of them and later bringing about the death of the first.

Every Cloud Has a Silver Lining

Furthermore, the case did not end with the conviction of Captain Fernández Dittus for manslaughter, because thirty years after the events, something happened that no one could have foreseen under the rule of law: a new criminal trial was opened. People who believe that Chile operates within the rule of law should reconsider that belief, because it is mistaken. In Chile today, some fundamental institutions of the rule of law do not exist, two in particular are the statute of limitations on crimes and criminal procedure, and "the thing judged can't be judged again," *res judicata* in Latin, *cosa juzgada* in Spanish.

In its 2010 decision No. 8,182, the Supreme Court of Chile ruled that, when dealing with trials against military personnel, wherein a court is unable to find within Chilean legislation crimes that would condemn them, the court may choose to subject itself to purportedly "international law." Yet doing so would permit the devastation of the

fundamental principles of due process, such as the nonretroactiveness of criminal law, which was expressly mentioned.

Then, through the designation of *ad hoc* judges, called "extraordinary visiting ministers," the court can judge any past event. In particular, it reopened the "burners burned" case under the pretext that, allegedly, two members of the patrol that intercepted Rodrigo Rojas and Carmen Gloria Quintana in 1986, thirty years later had reviewed their original sworn testimony and declared that the Army officers were willing to burn the pair on purpose.

The case once again sent shockwaves that influenced public opinion, being sufficiently motivated by the pro-government press. The government of the "new majority" promptly brought Carmen Gloria Quintana back to the country from her well-paid diplomatic post as cultural attaché for the Embassy of Chile in Canada (having already been previously compensated by the Chilean state with 9.1 billion pesos or around USD $13.25 million). She again affirmed in front of the cameras that the military had burned her.

But something doubly unexpected happened: first, the remaining nine former, still living, conscripts who made up the patrol upheld their 1986 statements, with one addition. One of them, Leonardo Riquelme Alarcon, confessed to something he had not said in 1986: that it was he who accidentally stumbled over one of the glass containers with highly flammable liquid that Rojas and Quintana carried and doing so started the combustion that burned them both and caused the death of the first.

This ex-conscript, a blue-collar man, and his remaining eight comrades were imprisoned by Investigative Judge Mario Carroza. As a result, several lost their jobs, putting their families in a serious situation.

On the one hand, they provided a revived hope regarding the integrity of our fellow countrymen. On the other hand, the two deserters of the group, who showed up with their accusations thirty years later and were suspected of having acted under spurious incentives or questionable motives, could not even maintain a single version, since one blamed one officer and the other a different one. Minister Carroza was forced to free all the others and has been left with a situation of judicial intrigue that he surely does not know how

to resolve. Yet the new doctrines in no way allow him to undermine the fact that there are two institutions applicable to case: the statute of limitations and *res judicata*.

As “every cloud has a silver lining,” due to the legal outrage committed by Judge Carroza, we must know thirty years later that the one who really knocked over and broke the bottle with highly explosive liquid, causing the death of Rodrigo Rojas and serious burns to Carmen Gloria Quintana, the then conscripted soldier Leonardo Riquelme Alarcón, now must be recognized as a man of honor.

Communist Attack against Pinochet

On Sunday, September 7, 1986, the president returned at about seven o’clock in the evening from a weekend break at his property in El Melocotón (the Peach), in the foothills of the Andes, fifty kilometers southeast of Santiago. His entourage included five vehicles, escorted by two carabinero motorcyclists, behind whom were three cars: a Chevrolet Opala and two Fords, occupied by the presidential guards, and two armored Mercedes-Benz cars, one of which carried passengers in the back seat—the president and his ten-year-old grandson, Rodrigo García Pinochet. In the front seat were the driver and the president’s naval aide, Captain Pedro Arrieta. The other Mercedes-Benz served as a replacement vehicle and contained only the driver.

While ascending the slope called “Achupallas” on route G-25, by which they traveled, a Peugeot car belonging to the *FPMR* with a travel trailer in tow, blocked the way, forcing the presidential entourage to stop. Around thirty terrorists located on the hillside next to the road then opened fire on the entourage with M-16 rifles that were seized from Americans and Vietnamese in Vietnam, machine guns, incendiary bombs, and LAW antitank rockets. That materiel was part of what was offboarded from Cuban ships, discovered that year just shortly before.

The first *carabinero* motorcyclist who headed the procession was thrown over the edge, wounded. The second sped up and escaped unharmed. The Opala in the escort exploded when a rocket hit it;

another rocket blew the roof off of one of the Fords, while the other one ended up in flames. But the two Mercedes Benzes, which were the primary targets, managed to turn around. The alternate one went first, but the way back had been blocked by a *frentista* Chevrolet king cab pickup truck, from which the terrorists also opened fire on the entourage.

Pinochet's driver, by order of the *aide-de-camp*, locked the doors and began a speedy retreat. A LAW rocket hit the car, but bounced off and did not explode right away, only doing so after striking the side of a hill, another got jammed while being fired and thus did not make it out of the launcher. The retreating car passed between the hillside and the *frentista* pickup truck, from which a terrorist fired multiple shots just three meters away, but the bullet-proof glass did its job, and the vehicle was able to return to "The Peach" with Pinochet being only slightly wounded in one hand by glass splinters. "Operation Twentieth Century," as they had christened it, had failed. Five enlisted soldiers in the escort died and twelve of its other members were wounded.

As a result of the attack, Pinochet declared: "After the shooting, when I looked at the car, in the window the image of the Virgin seemed to appear. I thought it was the product of the strong emotion that I had experienced…especially for…my grandson…but later other people told me that they had experienced the same sensation. The image that I saw corresponded to the same Virgin that always hangs around my neck…"[35] It was the Virgin of Perpetual Help. That night the junta decreed a curfew and a state of siege.

The same historian Gonzalo Vial, recently quoted, wrote: "Operation Twentieth Century was planned in Cuba months ahead. There it was detailed, and its key members chosen; there many of these men received or supplemented their rigorous training, rehearsing—again and again—the assault. "Cuba fully financed the operation, probably with the help of Communist International."[2] [36]

Impunity for the material physical and intellectual strategic authors of the quintuple murder has been so lavish that the terrorist chief of the same crime, César Bunster, has been an unsuccessful communist candidate for the community council, and was even received in Congress by left-wing members of parliament and in the

La Moneda presidential palace by former president Michelle Bachelet (2006–2010).

Communist representative Guillermo Teillier, who was the party's "military officer," publicly confessed to a journalist who interviewed him that he had been the intellectual co-author of the fivefold crime. When a lawyer filed a complaint against him, in light of that fact, the court dismissed the case on the grounds of the statute of limitations, a provision denied to formerly uniformed inmates.

The American liberal press was furious over the failure of the assault. The cover story written in the American edition of September 22, 1986, a subsequent international edition of *Time* on September 26, 1986, dedicated its cover to Pinochet, wherein it utilized his worst photograph (where he is wearing his dark sunglasses), and was entitled "Chile: Pinochet's New State of Siege: An Assassination Attempt Fails, and the Government Cracks Down." I counted twenty-four errors and falsehoods in it and chronicled them for *El Mercurio*, as summarized in a section further below.

Revenge, American-Style

Or also Israeli-style. No one hesitates to blame CNI just as before they blamed the investigative police and carabineros employees for taking revenge on two terrorists from the MIR and three from the Communist Party, one of whom escaped when the avengers entered his home, i.e., there were four deaths in retaliation for the five that the *frentista* commandos inflicted on the Pinochet delegation.

The corpse of a *MIR* activist, journalist José Carrasco, was found next to the Remembrance Park Cemetery, on Américo Vespucio Avenue, on September 8. He was information chief for the left-wing magazine *Análisis*. He was 43 years old and had been abducted from his home at 5 o'clock on the eighth. *El Mercurio* reported that "the body had thirteen bullet wounds in the posterior region of the head and that the time of death was approximately five hours earlier." In that place were found seven .38-caliber spent casings.

Years later, a judicial investigation confirmed that the perpetrators of the crime were members of the *CNI*.[37] Revenge was certainly not authorized by the government or any of its divisions. For some

agents of the intelligence services it “was a foolish act, apart from being immoral,” wrote historian Gonzalo Vial.[38] But just how do US and Israeli anti-terrorist forces act against perpetrators? How was the reaction of Chilean *CNI*, investigative police, or *carabinero* officials to terrorist aggression really any different?

Nonetheless, over the long term, the perpetrators of the five murders of men in Pinochet’s escort have gone unpunished. The immediate boss, César Bunster, as already noted, was received in La Moneda by President Bachelet and honored in Congress by left-wing parliamentarians. The communist leader who has publicly confessed to having coauthored the plan, current representative Guillermo Teillier, was absolved from all guilt by applying the statute of limitations, a remedy which has been denied to former uniformed personnel by the same courts. Those who took their revenge, however, are serving time at the Punta Peuco prison.

A Relative Decline in Violence

One author, Juraj Domic, considered that in October 1986, what he called “a relative decline in violence” had taken place. Consider it in his words:

> The violence began its monthly activities on October 1st at the eastern campus of the Catholic University, where a room was set on fire and—in a sacrilegious act—a statue of the Virgin was painted black. The next day a bomb exploded in a vocational high school in Valparaíso. On the 5th, an attempt was made to burn a bus and a financial institution was attacked with incendiary bombs. On the 10th, two buses were destroyed in Viña del Mar. On the 15th, there was a power outage due to a bombing in Lota Alto, south of Concepción; agitators provoked street incidents in Santiago, using incendiary bombs; at the Catholic University of Valparaíso there were demonstrations with Molotov cocktails exploding; a blackout was triggered in the fourth and eighth regions; in some peripheral neighborhoods, barricades were erected and a bomb was deactivated in a preschool in Puente Alto in southern Santiago. The next day there were ten bombings in

> the Metropolitan Region; damage to public transportation vehicles, along with public and private buildings in Santiago and Viña del Mar. On the 17th there were six bombings in Santiago, with several injured; a bomb went off in a vocational high school for girls in Concepción, and in Arica seven attacks against the Energy Company of the Far North occurred. After these three days of intense and continuous terrorism, on the 23rd a woman was injured in an attack on a bus in downtown Santiago. On the 26th, explosives were used against a high voltage tower in Iquique. Finally, to close out the month, on the 30th, a bomb went off in a bank in Arica. Ironically, Radio Moscow appreciated the situation: "The dictatorship cannot paralyze the country through terror."[39]

According to Radio Moscow, it was the government that committed the attacks!

A Divided Church

In the episcopate, reactions regarding the attack against the president were hardly unanimous. On the one hand, Monsignor Bernardino Piñera, archbishop of La Serena, repudiated it immediately and energetically. On the other hand, Monsignor Carlos Camus, archbishop of Linares, declared that the attack was "a success for the Manuel Rodríguez Front" and that, from a moral viewpoint, "they do not bear much blame."

He later extended his analysis: "The President stated that he is at war against Marxism and the caravan was armed; I believe that when the incident is studied as an act of war, maybe they will be heroes; they risked their lives."[40] Earlier, in July, the bishops had declared that violence was the product of the "prolonged suffering of so many of our brothers, the lack of social participation, especially in the political process, the military character of the administration, the way in which police functions were exercised at times, and political terrorism in its various forms."[41]

The Silent Revolution

One of the things that used to be said, critically, about the military government was that “it had not done anything.” All the previous governments, i.e., Chilean presidential administrations, tried to establish a “milestone” that could be beaten into a realizable symbol: Aguirre Cerda (1938–1941) founded CORFO, González Videla (1946–1952) extended the exclusive maritime zone to two hundred miles and established antarctic bases, Frei Montalva (1964–1970) “Chileanized” copper, which Allende (1970–1973) later “nationalized,” and both men undertook agrarian reforms. One could argue about whether the effectiveness or domestic expediency of these achievements was useful, but they did serve as transcendental endeavors, while the military government did not seem to merit any significance (except to rid the country of a totalitarian destiny, a milestone that did not appear to be worth much).

Until Joaquín Lavín published *Chile’s Silent Revolution* (1986), one of the best-selling books in the history of the country (perhaps one hundred thousand copies were sold) that showed a series of achievements under the military revolution that had raised the category to the country to the level of a world concern. For example, ports had not been able to expand, due to lack of resources. Yet Talcahuano and San Vicente (together) expanded the amount of cargo transferred from 1975 to 1981 by 3.7 times. How was that feat accomplished? They put an end to labor monopolies, like the state-owned Chilean Longshoreman Company, allowing private companies to operate in a competitive environment.[42]

In Chile there were 445 thousand more vehicles, two million households had televisions—one of the highest rates in Latin America, pine tree plantations went from 290,000 to 1,100,000 hectares (716,300 to 2,717,000 acres), fishmeal boats went from one hundred with 17,000 tons of cargo capacity space to two hundred with 48,000 tons of capacity, passengers flying from Santiago to Concepcion rose from 22,000 in 1981 to 104,000 in 1986, foreign investment arrived *en masse* in the southern part of the country, book sales increased to over five million including subscriptions for just two magazines, *Ercilla* and *Vea*, silencing those

who spoke of a “cultural blackout” under the military government; two hundred thousand Chilean families acquired the symphonies of Beethoven together with the magazine *Ercilla* (equivalent to twenty “golden albums”), recently privatized companies had tens of thousands of shareholders, they began to have “Chilean multinationals,” with investments and plants in Argentina, Brazil, Bolivia, and Colombia, the “shopping centers” or “malls,” which are so typical in the United States, appeared massively in Chile—amounting to fifty in Santiago alone in 1986.

> We got used to being a leading copper-producing country, but we had not imagined a Chile that was first in the world grape market, or first in terms of the area planted with radiata pine trees. We knew that Codelco was a great company that hobnobbed worldwide with the other giants of the market, but we could not fathom David del Curto as the largest fruit-grower in the Southern Hemisphere, or Sonda as the largest computer multinational in Latin America.
>
> Even less did we know about technological leadership, as was the case of a country that possessed one of the largest controlled-atmosphere refrigerators in the world, the second highest computer traffic attained with the United States among Latin American countries, and the most modern telex network in the region.
>
> Undoubtedly, “human capital leadership” will also be a surprise: Chile led Latin America, ranking as the country with the highest number of microcomputers in schools, and had a high proportion of professionals with postgraduate studies in the best American and European universities.
>
> The silent revolution: new leadership for a changing country that was inserted in a world that has been advancing faster than ever before in history—with a new generation of Chileans assuming a leading role.”[43]

Compare these realities with the following remarks of Ricardo Lagos, made in an interview with Mónica González and Florencia Varas:

> How do you think Pinochet will look in history? Like a black period; a marginal, non-mainstream period, which is going to be treated modestly in textbooks. Why modestly? Because I believe that Chileans will be ashamed when they think back upon what happened to us during those fourteen years."[44]

Privatizations Begin

There are several reasons that explain the growth of the Chilean economy under the economic freedom model that the military revolution instituted. In general, it brought respect for property rights and the broad possibility of entrepreneurship given to all inhabitants, the economic opening to the rest of the world, responsible fiscal and monetary policies, the autonomy of the Central Bank, which allowed inflation to be reduced, and the transition from a pay-as-you-go pension system run by the state—whose resources were squandered by the ruling politicians of the day—to one of individual capitalization in private hands, which transferred otherwise-wasted huge sums to productive savings that proved useful for economic growth. Moreover, there was a very important additional factor: the privatization of state enterprises that showed significant losses, burdening the state. They were passed on to private individuals, who obtained profits from them and thus paid more taxes. That is, instead of resources from the state getting sucked, revenues increased.

This process accelerated in the mid-1980s, with a representative case being the Chilean Electricity Company, *Chilectra*, under the leadership of its general manager, José Yuraszeck. This civil engineer had been deputy director of the Office of National Planning until 1982, when under the vicissitudes of the world debt crisis, President Pinochet, in what he sometimes called "fancy footwork," seemed to reverse free market policies and, under the interior minister Jarpa and Finance (Treasury) minister Escobar Cerda, began a kind of raid into Chicago Boys' territory, wherein Yuraszeck was lodged. Accordingly, on October 10, 1982, like many others in that group, he had to leave his role in the government.

But the following year, when economic orthodoxy was restored, the new finance (treasury) minister, Carlos Cáceres, called José

Yuraszeck to offer him the general management of a state-owned company, “at the request of General Pinochet,” he said. Yuraszeck, before accepting, asked him if there was a political will to privatize the company, to which Cáceres answered “yes.” Then he accepted. Henceforth, he was appointed general manager of Chilectra.

He cautiously studied a privatization plan, in which the workers of the company could use their layoff or retirement funds to buy shares in the company, in what was called “popular capitalism.” Over time, doing so turned out to be of great benefit to them, because it facilitated paying for the part of the acquisition that was not covered by company funds. Privatized companies began to generate profits and paid dividends, too, which boosted their earnings and share prices. That change generated a capital gain for tens of thousands of workers who took advantage of the benefit.

Chilectra Metropolitana was 70 percent owned by the development corporation (*CORFO*) and 30 percent by AFPs (private pension funds administrators) and small shareholders. The mechanism devised by Yuraszeck contemplated a company that had control of Chilectra and another that held shares without that right, but that benefited from dividends and share price increases. Over time, Chilectra, which changed its name to Enersis, took control of Endesa, the state-run, power-generation firm.

In the 1990s, when the military government had passed into history, Endesa Spain acquired the shares of Enersis and Endesa at a price that was attractive to the sellers—particularly those with controlling interests—triggering a national controversy and some sanctions by the superintendent of publicly traded corporations. Enersis and Endesa defended themselves by saying that at all times the market had been aware of the different values that controlling shares and ordinary ones had.

The scandal, i.e., the “trial by the newspapers” and the prosecution of the case and the sanctions against the contractors, frustrated the possibility of them to participate in the management of Endesa Spain, as had been agreed. Doing so could have generated even greater price appreciation over time, positively affecting the investment of all Chilean parties involved. But the firms remained as they were before, in any case, marking the difference between a

state company that generated huge losses and taxed the treasury, versus the other that generated profits and paid taxes that allowed the state to finance its social policies.

Another Successful Privatization

President Pinochet was the subject of frequent criticism for the success in business of his former son-in-law Julio Ponce Lerou. It is a fact that his familiar status contributed to him being able to occupy prominent positions in the governmental environment. Yet there is no doubt that his personal capabilities not only allowed him to make his fortune, one that continued to grow under governments contrary to his former father-in-law's, but the figures speak for themselves in terms of the benefit to the country that has resulted from his successful management.

In 1979, the Chilean chemical and mining company Soquimich was a state-owned firm that lost more than twenty million dollars per year under the CORFO administration. In 1991, under the privatized management of Ponce Lerou, it had turned around completely, earning four million dollars—a figure that swelled to more than seventeen million dollars in 1992.[45] More recently, according to its income statement published at the end of the first quarter of 2017, the profit in that brief period already exceeded one hundred million dollars. Who could have thought of rescinding such marvelous effects of privatization in favor of state ownership?

The same advantageous difference occurred in the cases of other state enterprises that were sold off. The proof of the success of this policy is also manifest in that the opposing governments that succeeded the military administration, and that had sharply criticized such privatizations, did not annul a single one of them. On the contrary, it proceeded to do the same to others, such as the National Airlines (LAN now LATAM Airlines) and the water and sewer companies.

Pinochet Takes a Beating

On August 30, 1986, the country was laden with regret about the news of the death of former president Jorge Alessandri, who succumbed to a long illness at ninety years of age. His remains reunited the Tyrians and Trojans, who wanted their destiny to be the chapel of the general cemetery where President Pinochet and his old trade union opponent, declared leftist Clotario Blest, were. Blest's companion, Óscar Ortiz, related thus:

> The moment we entered the door, we found ourselves face-to-face with General Pinochet, who entered with his ministers and *aides-de-camp*. Pinochet, recognizing Clotario, approached him and, smiling, asked him about his health. Clotario remained silent without moving a muscle in his face. The general, ignoring the hostile gesture, took him by the arm and dragged him to the altar where the family and personalities were. I, surrounded by the *aides-de-camp*, followed him. When Pinochet approached the coffin, Blest loudly so that everyone could hear him exclaimed: "What does this tyrant imagine, being moved when it was he who embittered Alessandri's life in his last years!" When Pinochet left, he approached me, telling me that I had a great responsibility in taking care of Clotario Blest, who was a national asset. After the burial we had other bad encounters, that of Jaime Guzmán and Sergio Fernández, who also asked about the health of the convalescent. Blest, who, leaving them with their hands outstretched, replied: "How do you expect me to be well while a tyrant is in power."[46]

Counterproductive Violence

On September 4, 1986, the Assembly of Civility had called for a "day for democracy," to which, ironically, the communist MDP acquiesced. Four people died, but there was little commercial slowdown. The citizenry was already tired of it. Not so for the *FPMR*, however, whose bombings and acid attacks abounded against guard shacks

and public transportation vehicles, injuring a mother and her three-year-old daughter, along with three officials, at a bus terminal. Another persona at a taxi stand in San Miguel was left a paraplegic. Four passengers aboard a bus in Valparaíso were burned with acid; the same fate befell five others in Santiago, and to all this damage may be added bombs exploding (a) in a public bathroom on Alameda (four injured women), (b) at the corner of Teatinos with Alameda (thirty-six injured) (in downtown Santiago), (c) the Viña del Mar railway station (three injured), (d) the Tobalaba Metro station (one dead and six wounded), and (e) the San Pablo Metro station.

Ironically, Marxist armed violence most helped the military administration perhaps to rid itself of the propagandist siege of the democratic opposition in 1986, swollen by the defection of not just a few of the administration's right-wing supporters, who since then—and until now—have been and still continue to "waltz" periodically toward the center left. The communists denied stockpiling arms, calling the idea "the armament show," "sinister plan," "outlandish maneuver," etc. Yet on August 28, 1986, the Christian Democrats recognized it was happening and condemned it categorically, saying, "Those who foment and support violent or terrorist actions are excluded from all our political alliances."

The communists responded on September 3 by betraying the Christian Democrats and complaining: "There was agreement and tacit conviction that the major strike held on July 2nd and 3rd would follow a succession of mobilizations that would lead to civil disobedience and a state of ungovernability—things of a such a nature that would make it impossible for the dictatorship to remain standing... Now you all hardly talk about ungovernability and civil disobedience."[47] On the seventeenth, the national council of the Christian Democrats responded to the communist letter of the third in these terms:

> The Communist Party's link to violence and terrorism, and its harboring of military and paramilitary operations is the biggest obstacle to coordinated and persistent mobilization… The discovering of arsenals and the attack on Pinochet, with the

> subsequent deaths those things impelled, among other matters, aggravated the militarization of Chilean politics.[48]

A trouncing of the administration was sought, but armed violence ended up being defeated instead. Communism had “backfired” and its own violence had frightened its civilian allies, who did not even want to “take chestnuts out of the fire” with their hands.

A Time to Lie

If there were a publication that was characterized—and still is—by its bias with respect to the Chilean military revolution, whenever it referred to it, and that contributed to distort the truth between 1973 and 1990, it would be the American weekly magazine *Time*. It enjoyed worldwide circulation and was sold in Chile under the military government, notwithstanding all its biting criticisms of the latter, despite which the same weekly accused that government of not allowing publications that were averse to it.

The last falsehood was published in January 2006, when it reported that “Michelle Bachelet was tortured by Pinochet.” I made fun of it in my *El Mercurio* column, having been an eyewitness to a TV statement by Michelle Bachelet herself. She conveyed that she was not tortured when she was detained for five days in January 1975 as a MIR collaborator. But my mockery was basically because *Time* identified the former president as her torturer.

Indeed, much earlier, in its cover story written in the American edition of September 22, 1986, a subsequent Latin American edition of *Time* put a picture of Pinochet on the cover under the heading “State of Siege” and dedicated its main report to him.[3] The number of falsehoods contained therein were so numerous that many Chileans wrote to the publication but, apparently, their letters were trashed, because none appeared in the respective section of the weekly magazine. As a result, I wrote an article for *El Mercurio* refuting the twenty-four principal errors and lies. It was published on Sunday, October 19, 1986, entitled, “And a *Time* to Lie,” which I summarize below:

1. Five men were killed in the attack on the president, but *Time* describes the event as "another painful chapter in the struggle of Chileans to recover their fundamental rights." (The FPMR said the same thing!)
2. No mention is made of the fact that a state of siege was decreed not only as a result of the attack against the president but also after the largest disembarkation of communist armaments carried out in the Western Hemisphere, according to expert opinion fashioned by the United States government.
3. No mention is made of the transition to democracy through the enactment of decrees pertaining to the Election Certification Court, voter registration, legalization of political parties, or the election of the president of the Republic and Parliament in 1989 and 1990.
4. "Ramón," an interviewee, said that he earned 250 dollars in 1973 and that now (in 1986) "Ana" (another interviewee) and he are earning 155 dollars. Which of the nine existing exchange rates in 1973, under the Popular Unity, was used by *Time*? The official rate set by Allende, at 25 escudos per dollar, or the free black-market rate, of up to 3,000 escudos per dollar? In either case, the *real wages index* refutes the claim of "Ramón." The 1972 average was 82, and it was 90 in 1985.
5. "Ramón" (the same interviewee) affirmed—and nobody appeared to refute it—that "the worst thing that this government has done has been to create a general sense of terror and violence." But a report from the US Embassy in Santiago indicated that through November 1985 there were about a thousand attacks of communist origin, using explosives or firearms, which had resulted in about five hundred victims.
6. It assured its readers that the Chilean press was "shut down" in 1973, even though the government intervened, while under the state of siege, to close down three opposition magazines… Indeed, the magazine did not inform its readers that the appearance of a new opposition newspaper (*La*

Epoca) had been announced, nor did it note that there was freedom to publish books without prior authorization, or that there were several opposition broadcasters that enjoyed a very significant national following.

7. According to the weekly, it was Pinochet who consecrated September as “the month of the homeland” to celebrate the anniversary of the 1973 military declaration (wow!). It has been “the month of the homeland” since the Declaration of Independence on September 18, 1810.
8. According to what it chronicled, the plebiscite of 1980 never occurred. In effect, it affirms that on that date “Pinochet ‘pushed through’ a new Constitution and assumed vast additional powers.”
9. “Ramón y Ana” (interviewees) were introduced saying, “We could buy a book occasionally,” right during the period when the different magazines and newspapers had provided their readership the largest volume of printed material (books) that had been distributed in the history of the country.
10. It said that repressive measures had increased over the last three years, but the truth was that, precisely over those three years, political opening up was undertaken, full freedom was granted to publish books, new opposition magazines came into circulation, an opposition newspaper was authorized, dozens of political parties were organized and took their place in public life, electing directors, signing documents, and forging agreements between them. Moreover, public demonstrations by opponents of the military government occurred, authorized by the government, and many people voluntarily exiled returned. It is true that, along with such policies (and perhaps due to the loosening of restrictions), terrorism had increased, but the fact that, for this very reason, there were more antiterrorist mobilizations does not permit one to conclude that “repression had increased.”
11. *Time*’s bias went so far as to report that the murder of a carabinero who was standing guard in front of the secretary of the Vicaría de la Solidaridad’s house—similar to dozens of other uniformed victims of the Manuel Rodríguez Front

(FPMR)—was a work of alleged official agents in order to intimidate that Vicaría official.

12. Moreover, it implied that the bomb that went off at the residence of the American ambassador some time ago, which a recently captured communist subversive acknowledged as having been detonated by him, was also the work of the administration.

Also, in those days, in demonstrating its anti-Americanism, the FPMR murdered a Canadian citizen by means of an explosive device embedded in a baseball bat. The man habitually went to practice that sport, along with other North Americans, in the fields located at the National Stadium. That attack, by the way, went unreported by *Time*.

American Harassment

Ronald Reagan himself backed Pinochet, while his subordinates conspired against the Chilean leader and harassed him. His ambassador Barnes, the main bully, announced that the United States was looking into applying economic pressure to force the Chilean government to negotiate with the opposition on its terms. Hence, a foreign government took sides in a domestic political struggle! Pinochet responded angrily, “The United States must understand that we do not want to be directed; that we do not want to be told what to do, nor do we want to be helped; we just want Americans to respect us.”[49]

Fortunately, at the end of December, the Chilean ambassador in Washington, Hernán Felipe Errázuriz, reached an agreement to keep the country within the general system of tariff preferences for one more year—pursuant to actions of the AFL-CIO at the request of Chilean trade unionists—to eliminate Chile from said system. The accord consisted of agreeing to modify Chilean labor legislation bills then under deliberation. The junta (i.e., the legislative branch) resisted the notion, but finally understood the seriousness of US reprisals for noncompliance. Hence, there were three modifications: (1) the number of workers needed to form a union was reduced from

eight to five; (2) the rule was changed that required automatic dismissal, after fifty-nine days of being on strike, further allowing workers would be able to return to work with the same rank and benefits they had before the strike, and (3) it allowed any single union federation to join more than one confederation.[50]

New Offensive on Human Rights

In December 1986, the United Nations special rapporteur, Costa Rican jurist Fernando Volio, who had been appointed to inspect the human rights situation in Chile, returned to the country. At the same time, a report from the US State Department on human rights in the world was published, in which it said, with respect to Chile, that the situation had worsened compared to those in the two previous years, without taking into account the guerrilla-subversive offensive that the country had had to endure. Similarly, the unprecedented landings of weapons in the territory that were used to promote such guerrillas had been denounced precisely by the United States.

But it must be said that, unlike American briefings, Volio always drew attention to the terrorist threat of the extreme Left. He added that according to the biased American report, after all, the situation had been constant since 1973.[51] In fact, the aforementioned report was much less favorable for the country than the one issued by special rapporteur Volio, which led Pinochet to describe the former as being characterized by “an absolute lack of seriousness.”[52]

The Administration Trusts Itself

Despite the armed offensive of communism, the military government continued to act with remarkable self-assurance, without unnecessarily assuaging its battle against such subversion but, at the same time, without pulling off the road that would return the country to full democracy, one of whose requirements was that no Chileans be prohibited to return to the country. Likewise, the government and the junta approved the electoral decree that would govern once the full democracy contemplated in the 1980 Constitution finally arrived.

Opponents, far from being “crushed by a dictatorship,” showed themselves in manifold ways: the aforementioned doctor Juan Luis Gonzalez monopolized the front pages of newspapers with his Assembly of Civility, which aimed to fight against the government from a more social than political perspective. Yet he managed to involve all radical leftists. And there they were, along with the “Walesa of Chile,” Rodolfo Seguel, president of the copper unions, Eduardo Ríos, a very leftist creature who frequently traveled to the United States, where he maintained high-level union contacts; the National Confederation of Retail Trade—which between 1970 and 1973 stood in opposition to the Popular Unity; the Group of 24, constitutionalists of various tendencies, including some rightists; the Commission of Human Rights, the National Farmworker Confederation, the Ad Mapu communist ethnic group, the Coordinating Committee of Art Guilds (wherever the word “coordinator” appeared, communist leadership could be presumed); Women for Life; the National Confederation of Cooperatives, the National Union of Pensioners, the Coordinating Committee of the Association of Academics, and the National Confederation of Truckers, the selfsame. He was behind the “October strike” of 1972, which made Allende stagger. Now he had changed sides. These groups represented a nice set of active opponents for a country where, it was said in the rest of the world, the opposition had been “crushed.”

The Assembly of Civility, we have already seen, publicized the document entitled *Demands of Chile* that, in synthesis, demanded radical political change, the restitution of political participation, and the restoration of democracy. And it gave the government a deadline to proceed with this complete package. Yet the deadline passed without the government complying with the demand or even answering it. Worse yet for the opposition, the massive protest called by the Assembly of Civility of September 5 marked an evident weakening of that form of confrontation, which always ended in indiscriminate violence.

Given all of the above, the president of the Christian Democrats and former foreign minister, Gabriel Valdés, protagonist of the initial peaceful street protests and a widely publicized sit-in on a street in

downtown Santiago, decided to use a new strategy. He elaborated the *Bases of Sustainability of the Democratic Administration* and created a new referendum, the National Democratic Accord, which aimed to oppose the 1988 plebiscite and to promote free elections.

In addition, renewed socialist José Joaquín Brunner acknowledged that the government had gone on the offensive. The likewise renewed socialist Ricardo Núñez withdrew from the Democratic Alliance because he considered it to be "an unnecessary element."[53] Christian Democrat Genaro Arriagada wrote that there had been a "catastrophic equilibrium," in which neither party managed to impose itself on the other and none wanted to negotiate. The difference rested in that while negotiation was vital for the opposition, it was not for the government.[54]

And What Did the Real Country Do?

A real country produces; different people coexist in it and solve its problems. In workplaces, where the vast majority of good people spend most of their time, conflicts are resolved satisfactorily and peacefully. Between May 1985 and April 1986, precisely 2,149 collective bargaining negotiations were lawfully concluded, and 99 percent of them ended in the agreement of the parties.

Five thousand unions with more than three hundred fifty thousand members worked in the country. Remember that unionized shops were the exception rather than the rule, and that most productive activity—in terms of the number of people involved—took place in small family-owned or sole-proprietor companies, where no unions or collective bargaining existed.

However, unions were found in large companies. This fact meant that there were more than 140 union federations and confederations in the country, with more than 180 thousand associates. Accordingly, there were 1,700 union elections with the participation of more than 140,000 workers.

That *real* country, where the nonunionized productive world and the unionized minority coexisted, worked peacefully and harmoniously. Indeed, that segment did not head out to vandalize the streets, to set fire to vehicles, or to stone the police. In 1986, the

real country was only alarmed by news regarding subversive violence and the inevitable repression—the latter alone making the headlines in Chile and abroad (when information was given about Chile). But that was the propagandistic chimera of Chile, rather than the quiet, real Chile.

Consequently, the trade union world, incorporated into the Economic and Social Council (CES), ended up preparing a preliminary draft of a new Labor Code. It did so under the leadership of William Thayer Arteaga, former minister under Frei Montalva (1964–1970) who, having been a Christian Democrat, still managed to maintain his role in the military revolution: he was a supporter of the government and member of the current institutionalism, in the Economic and Social Council (CES) and the State Council.

Clarifications Regarding the Chilean Sea

On October 13, 1986, the government and the junta issued law no. 18,565, which amended the Civil Code regarding territorial waters. It provided that they would correspond to twelve nautical miles adjacent to the straight baselines from which they fixed a measurement starting point for the maritime limits. Next, it set the contiguous zone that gave the state jurisdiction of up to twenty-four nautical miles, measured from the straight baselines. Finally, it named its exclusive economic zone as that pertaining to the sea up to two hundred nautical miles from the adjacent baselines. In this zone, the state would exercise its sovereign rights to exploit, conserve, and manage the natural resources found therein.

Economic and Social Improvement

On November 21, 1986, *El Mercurio* reported that CORFO subsidiaries had obtained net profits of 30.541 million pesos as of September of that year (i.e., between January and September 1986), compared to 4.426 million registered during the same period for 1985. The same newspaper, on May 3, 1987, reported another very important achievement, this time related to medical health, which was obtained the previous year (1986), i.e., the “decisive year” for the totalitarians: 5,206 children under the age of one died,

comparison with 11,429 in 1977. “That mortality rate of 19.5 per 1,000 live births is the lowest in South America,” the dean of the press (*El Mercurio*) pointed out.[55]

To the economic recovery was added the country’s social recovery and both placed it where it had never been before: as the continental leader. Moreover, an important process of economic change and a decisive step in the recovery was launched in mid-1986. Already in May 1985, Pinochet had ordered a study of the re-privatization of companies that had gone under during the socialist past, eventually falling into the hands of *CORFO*. It then cut loose Pacific Steel Company (*CAP*), which became the first state-run company to transfer a significant number of its shares to the private sector.[56] In addition, in order to avoid a recurrence of the debt crisis of 1982, banking legislation continued to be strengthened: the superintendent had to be informed whenever a loan exceeding 5 percent of the paid-in capital and reserves of the bank was granted. Doing so forced banks to maintain a technical reserve (law No. 18,576 of November 17, 1986).

Annual Economic Balance

In 1986, GDP again grew at a higher rate than the country’s historical marks: 5.6 percent. We did not know it then, but a “golden decade” had begun for the Chilean economy. However, unemployment did not fall, returning to double digits: 10.4 percent nationally. But inflation did yield, falling to 17.4 percent per year, as measured by the CPI.

The fixed capital investment rate remained high, compared to the previous years’: 17.1 percent of GDP. The budget deficit was 14.983 billion pesos (around US$77.5 million). The commercial balance sheet showed a surplus of US$1,092 million. The current account had a deficit of US$1.191 billion, and the capital account a surplus of US$968.7 million.

Foreign debt reached US$16.836 billion, representing 110 percent of GDP.[57] Gross international reserves of the Central Bank increased

to US$3.313 billion, i.e., US$107.5 million more than at the end of the previous year.[58]

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[1] Lydia Chavez, “Protest Hinders Kennedy in Chile,” *New York Times*, January 16, 1986, 6. Retrieved from https://www.nytimes.com/1986/01/16/world/protest-hinders-kennedy-in-chile.html on May 9, 2019.

[2] An international communist organization prompted by Lenin and the Bolsheviks, founded in Moscow in March 1919, linking the communist parties of different countries with the goal of fighting against capitalism and establishing a dictatorship of the proletariat with an International Republic of Soviets without social classes.

[3] The Latin American edition of *Time* was number 38, September 26, 1986, cover story from pages 6 to 13, with thirty-four lies. The story was written by Marguerite Johnson, reported by Ricardo Chavira in Washington, and Carolyn Martín and Gavin Scott in Santiago. The original American edition of *Time*’s story was written by Michael S. Serrill, as detailed in the bibliography.

Chapter 15

1987: Chile, Misunderstood yet Prosperous

Preparations for Full Democracy

On January 5, the state of siege ended and was replaced by a less-rigorous regimen, viz a domestic emergency or disturbance of the peace. It was a good omen.

Another presage already occurred in February 1987 when *El Mercurio* realized that, the previous day, more than four thousand people had gone to register to vote, which would allow them to participate in next year's presidential referendum provided for by the Constitution. Moreover, all other subsequent elections would be held under full democratic rule established within the permanent articles of that charter.[1]

Subsequently, the newspaper reported that as of September 30, the total number of registered voters was 2,485,905. "At this rate the country will reach 6.5 million voters as of June 30th next year," said electoral director Juan Ignacio García. In this way, citizens once again supported the transition to full democracy contemplated in the transitory articles of the Constitution, which would happily culminate on March 11, 1989, or in the same date of 1990, if the presidential plebiscite due to take place in 1988 was lost.[2]

Historian Gonzalo Vial affirmed that Pinochet, in mid-1987, resolved to run for the second eight-year term. Even though he did not announce it, he did take steps toward that goal. First, he brought back to the Ministry of the Interior Sergio Fernández, who had previously headed the winning campaign of 1980 and had been a vital part of the triumph in the 1978 national poll. The outgoing minister, Ricardo García Rodríguez, had performed his duties efficiently and had calmly faced with dignified vision such difficult and

unwanted episodes by the government as the triple throat-slitting of the leaders of the *FPMR*, by adhering strictly to the law and urging justice from the first moment to appoint an investigative minister in order to sort out the case, which he regrettably took so long to do. But Fernandez contributed a political sense to the government that was necessary for the times that were coming upon it.

Former senator and ex-dean of the law school at the University of Chile, Hugo Rosende, a well-known conservative politician recognized for his eloquence, continued to head the Ministry of Justice. At some point in 1984, as we previously saw, he had been ready to take over at the Ministry of the Interior but had decided against it at the last minute. He was within the hard line of the administration and was credited with having told Pinochet that, if he risked getting involved in an election and losing it, “they are going to walk (him) caged along Alameda,” as we previously recalled. Being opposed to the pro-democratic line of Fernandez, both were united in 1987 by a common desire to see Pinochet triumph in the 1988 referendum.

Another step by Fernandez was to get Francisco Javier Cuadra, also from the hard line, to leave the general secretariat of government. He succeeded in convincing him to accept a post at the Chilean Embassy at the Vatican. He was replaced by a young lawyer selected from the UDI youth movement, Orlando Poblete Iturrate, who had served as director of the government’s newspaper, *La Nación*.

Rights and Freedoms

The United Nations special rapporteur for Chile, Costa Rican Fernando Volio, acknowledged in 1987 that there had been advances in the matter of human rights, notwithstanding the vote of the general assembly that again, as if there were no such improvements, condemned the country in the same year for alleged violations of the aforementioned rights. It was a purely political alignment of the countries falling under a measly slogan.

Nonetheless, democratizing advances were real, and as a consequence, a new opposition newspaper linked to the Christian

Democrats, *La Epoca*, was authorized. A combative ex-senator of that same party, Jorge Lavandero, maintained another newspaper, *Fortín Mapocho*, whose longstanding existence (stemming from the prosperous and popular open-air market calle Vega Central), thus earning the respect of the military government. Completely apolitical, it usually circulated only among the merchants of La Vega. The former parliamentarian thus took advantage of this condition to take it over and turn it into a political newspaper that fiercely criticized the government.

There were other symptoms that deeply concerned the president about the image of the country in terms of human rights, too. In March 1987, the full session of the Supreme Court presented Pinochet with its complaint that the National Information Center (CNI) did not provide "trustworthy reports" when they were requested by the judges. "Pinochet responded that he had been working on putting the justice and interior ministries in order, so that from now on such requests would proceed in accordance with the Constitution and laws, and further requested that the high court notify him immediately if any such problem should occur again."[3]

The First Legally Constituted Party

Following the line of preparing for full democracy, law no. 18,556 was enacted with respect to the electoral service and voter registration system. According to it, voter registration was opened, and citizens began to register in February, as was previously said. Pinochet's own registration was entry no. 1 of table no. 1 at the downtown Santiago unit.

In March, law no. 18,603 was enacted with respect to political parties. Thirty-five thousand signatures were necessary to constitute one at the national level. Three forces came together to form the first party: (1) The National Union Movement, led by Francisco Bulnes Sanfuentes, former senator of the conservative, later turned National Party, the latter born of the merger of the former with classical liberal and other forces, after the electoral disaster of the Right in 1965, and by Pedro Ibáñez Ojeda, also a former liberal. Therefore, rightism resurfaced at the end of the 1960s, embodied in the National Party,

disillusioned with the Christian Democrats getting each time more to the left.

Because the Chilean Christian Democrat was, and still is, different from the European variety, having inclinations toward socialism led it to the special peculiarity of always ending up doing much of what the communists said. Shortly after 1965, the right-wing electorate realized that fact. The ex-conservatives and former classical liberals thus joined Jarpa's nationalism and founded the National Party, which opposed the Christian Democratic government. It soon attracted 20 percent of the electorate and was able to raise a presidential candidate with expectations of triumph in 1970, Jorge Alessandri.

Returning to 1987, the National Renovation directorate was presided over by a hitherto-apolitical but well-known lawyer, Ricardo Rivadeneira, of great prestige and without any previous public action than having sympathized with Jorge Prat, former finance (treasury) minister of Carlos Ibáñez (1952–1958). Prat headed right-wing groups that always mentioned him as a future presidential candidate, until his untimely death in 1970, during the campaign of Jorge Alessandri, of whose government, if he had triumphed, Prat was anticipated to be the interior minister.

The secretary general of the RN was lawyer Gonzalo García, former undersecretary of the interior of the military government, lawyer, and corporate manager, son of the former senator of the National Party Víctor García Garzena. The directorate was filled out by three representatives of the groups integrated in the new movement: (1) Juan de Dios Carmona, ex-senator and former Christian Democratic minister, now representing the National Labor Front of Jarpa; (2) Jaime Guzmán, for the *UDI*; and (3) Andrés Allamand, for the National Union.

With the journalistic support of *El Mercurio*, whose "Political Week" insisted on setting a criterion of forming a single party in support of the administration, they figuratively mixed oil and hard-liners and *soft belly* within the RN. But as often happens, both chemically and politically, the mixture did not last long.

Not surprisingly, Rivadeneira resigned in December, being a supporter of neither the presidential plebiscite nor of Pinochet being

the candidate. In a meeting with Minister Fernandez, he pointed out that there were four former senators on the political commission and they all thought the same as the directorate, i.e., they were all against the referendum. The National Union faction (Allamand) also opposed it and advocated open presidential elections, but the UDI, under the leadership of Jaime Guzmán, and the FNT, backed by Jarpa, supported it.

> Rivadeneira, holding an extreme position—wanting neither a plebiscite nor Pinochet—and annoyingly disparaging when talking about human rights, resigned the party's presidency as soon as the required signatures needed to register it were had (December). His successor was Sergio Onofre Jarpa. Only the group of Allamand maintained that longstanding reluctance, which was a minority view and very constrained according to the discretion derived from the obvious necessity of avoiding at all cost directly harming the possible candidacy of Pinochet.[4]

Christian Democrats Reconstitute Themselves

On July 4, thirty thousand members of the Christian Democratic Party chose—directly and after a long electoral campaign—their provincial and communal presidents, along with delegates to their national convention. With regard to the party's presidency, Patricio Aylwin, who in 1984 had already said that it was necessary to accept the Constitution as a reality, succeeded Gabriel Valdés (who was radicalized at that time). In the internal election, he also surpassed another candidate who was further to the left, Ricardo Hormazábal, according to the partial vote count. Aylwin had decided to opt to run the party, being the only senior party director who did not harbor aspirations as a candidate for the presidency of the republic at the end of the transition, and when planned plenary democracy was put into effect, as articulated in the Constitution.[5]

Failure of Communist Party Military Policy

The communists remained outside any notion of democratic normalcy. Radio Moscow already revealed its pessimism with regard to the achievements of their military policy—a euphemistic way to describe their terrorist attacks across the country. In its broadcast on January 9, Soviet radio reported that during a rally held in Halle, East Germany, the member of the Political Commission of the Communist Party, Rodrigo Rojas, confessed that “we entered 1987 in the midst of a difficult, complex situation.”

During his speech for the sixty-fifth anniversary of the founding of the Communist Party in Chile, delivered in Moscow on January 16, former red senator Volodia Teitelboim accused the center-right leaders of being “disenchanted.” He said that “at the end of the year they invented a mutation dubbed the 1989 free presidential elections.”

There were almost no terrorist acts in January, and only a few in February 1987. Radio Moscow made a veiled confession of the failure, admitting only a “relative paralysis of social mobilization… resulting from a project that it had tried to put into practice, consciously and deliberately, by taking the baton from the American ambassador in Santiago.” American ambassador Harry Barnes was methodically and precisely dedicated to boycotting the government’s transitional itinerary.

A “protest” called for March 25 resulted in failure. Christian Democratic leader Genaro Arriagada (who had been the head coordinator of the protests) determined that “these forms of social mobilization have been used up. They do not convince the people to be effective and are in actuality a factor dividing the social base.” And he concluded that “the tactical forms to which the protests have been derived have failed and cannot continue to be sustained.”[6]

Other Leftist Parties

To the left of the Christian Democrats, which were legally reconstituted as a party in 1987, as we have just seen, was the “renewed” Socialist Party of Ricardo Núñez, who, after becoming

part of the Democratic Alliance, did not make any new alliances. In fact, the Democratic Alliance and the MDP disappeared.

To the left of the Socialist Party (Núñez) were the Socialist Party (Almeyda), the Communist Party, the MIR, the two MAPUs, the Christian Left, and some minor groups. They formed a new collective: the United Left. All these groups were opposed both to entering the plebiscite and to having their followers register to vote. They persisted in trusting in the violent path of the communists.

As late as mid-1987, all the opposition refused to participate in the plebiscite and demanded free elections. The Committee for Free Elections was formed, chaired by former finance (treasury) minister, Christian Democrat Sergio Molina Silva, who was joined by some right-wingers, such as former National Party Representative Sylvia Alessandri and former ambassadors of the military government, José Miguel Barros and Lucía Gevert. The Leftist Committee for Free Elections was also formed, chaired by Ricardo Lagos.

Molina sent a conciliatory letter to the yet unreplaced interior minister Ricardo García Rodríguez, in order to "reconcile political wills," clarifying that "with this he did not intend to attack anyone but rather to contribute to achieving an objective shared by the widest variety of Chilean groups." Garcia responded that the government shared the premise that the electoral acts were "covered by security and transparency, such that they reflected the sovereign decisions of Chileans" and mentioned that voter registration laws, the Electoral Qualifying Court, the laws of political parties and of the electoral system had been prepared by the four legislative advisory commissions of the members of the junta, which had sent all of it to be promulgated by the president of the republic.[7]

Perhaps the opponents had ended up thinking that if they did not participate in the presidential referendum, the government would again win and remain in power even longer, supported by a popular vote, just as it had enjoyed since 1980. Hence, in November 1987, Patricio Aylwin, president of the Christian Democrats, decided and expressed that they would participate in the referendum, supporting the "No" option. Furthermore, in February 1988, a total of seventeen opposition groups would sign an agreement called the Pact of Parties Favoring Voting "No," leaving only the MIR and the

Communist Party holding on to their insurrectional postures. Nonetheless, that disparity was not an obstacle in the end, since almost everyone decided to participate in the race to register to vote. Only the “autonomous” FPMR remained marginalized.

Undoubtedly, Pinochet had taken up the political initiative in 1987. He seemed so confident that he even announced the end of the policy forbidding exiles to return. But the opposition did not recognize anything. Moderate Christian Democrat Edgardo Boeninger pointed out that the legislation on political parties contained serious flaws. His colleague Gabriel Valdés affirmed that neither the Constitution nor political legislation would lead Chile to democracy. Germán Correa, president of the MDP, whose core participant was the Communist Party, pointed out that the legal logic of the Constitution and legislation derived from it were totally illegitimate and antidemocratic. Moreover, those who used such rules were merely trying to perpetuate themselves in power.[8] Surely, he did not foresee that three years later his own people would be using those rules to come to power and exercise it under them, wherein he himself would be interior minister assigned with the mission of making sure they were respected.

The Communists Tried Hard

Over against the post-1990 assertion formulated by the “posttruths” fabricated by the Left, in 1987, under full “dictatorship,” an opposition newspaper, *La Época*, published a long insertion of the Communist Party that expressed thus:

> In order that demands for free and democratic elections become a real contribution to the anti-dictatorial struggle, they must become part of and be inextricably linked to, the whole struggle of the people and their exigences, claims, and rights violated, through the most resolute social mobilization.

Leaving in evidence that the latter constituted a violent action, it later clarified thusly:

> We make an explicit reaffirmation of our policy of popular mass rebellion, which leads us to break with both the laws

> and the fascist order… It is decisive to defeat such tendencies of conciliation and stagnation and to resume the process of resolute confrontation, of civil disobedience, of ungovernability for the fascists.[9]

But the economic-social climate of the country was much better than those in the years of the "protests." The finance (treasury) minister Hernán Büchi calmly said, "What the country experienced from 1985 onward was not a boom. It was an orderly and gradual recovery process. It was also a healthy process, rooted in ameliorating savings and investment rates. Without these elements, everything would have merely been a mirage. In other words, it was not that some bonanza fell from the sky, but rather that every day things evolved for the better."[10]

The Economy Answers the Politicians

While progress was ramping up, the political parties that had backed the agrarian reform that nearly destroyed Chilean agriculture by 1973 were reconstituted. That fact rendered testimony that there are things that a substantial number of Chileans will never learn. Indeed, the facts spoke for themselves. Here is a related story published in *El Mercurio* on August 8, 1987:

> Record figure: last season's wheat harvest climbed above eighteen million 100-kilogram sacks (36.744 × 18,000,000 = 661,392,000 bushels). This meant that for the first time this century, cereal production covered the needs of national consumption and even left a surplus.

What had produced that great change with respect to the situation wherein President Allende had warned in 1973 that "only a few more days of flour remains"? It was actually a very simple recipe: stop persecuting the farmers, return their lands to their legitimate owners, wherever they claim them; respect market price signals, guarantee property rights and the freedom to start a business.

All these elements sum up the required conditions under a democratic society that respects personal liberties. The military

government had put them into practice much better than the governments that preceded it, and which had finally led to a crisis in Chilean democracy—literally leaving it, “without bread or even a crust.”[11]

External Acknowledgments

“Truly,” as *Forbes* magazine observed in December 1987, “under much chaos the Chilean economic model could be extended to alleviate human suffering in the impoverished Third World. A World Bank study on poverty in Latin America found that: ‘The Chilean case is especially interesting, because it represents a successful attempt to orient government social spending towards the poorer segments of the population. Cutting government spending going to higher income groups and instead directing disbursements to the poorest has made possible providing the latter with the most urgent social services despite the serious economic crisis… Chile’s social spending policy has been unequalled in the region, and substantial improvements have been made in the efficiency with which social services have been delivered to the poor.”[12]

Bolivia Again Distracts the Government

A new Bolivian foreign minister, Guillermo Bedregal, proposed that Chile deliver to his country 2,800 square kilometers between the Line of Concord, i.e., the border with Peru, and the city of Arica. Alternatively, a territorial enclave could be given—whether in Camarones (an hour and a half south of Arica), Tocopilla, or Mejillones (an hour or two north of Antofagasta)—to end the landlocked situation of the altiplano country.

Pinochet remarked on the offer during a visit to Arica, saying, “I wanted to talk with you briefly about the situation that has been created with our neighbors…possibly due to rushed management, the neighbors have placed an order that cannot be accepted under any conditions. Chile may neither be not sold nor traded!… Each plot of land in this area is surely bloodstained by those who fell fighting to defend this territory and we will not give it up simply because they

ask or order us to do so. Here no one can order us around; we are sovereign![13]

According to the 1929 Border Treaty with Peru, Chile does not have the power to assign to a third country territories that were previously Peruvian, without the consent of the former. Previously, a similar proposal had been formulated by Peru, wherein a “Bolivian corridor” could be installed, but that demand was unacceptable to Chile.

The Free Elections Committee

On March 13, 1987, the Free Elections Committee was formed, coordinated by former finance (treasury) minister under Frei Montalva and Christian Democrat Party member Sergio Molina. He brought together fourteen national public figures. In August, a free elections central command was created, which sent the government a proposal for constitutional reform.

These people acted with confidence thanks to external, rather than internal, support they received. While President Reagan expressed, as we have seen, support for the military government, his administration’s underlings exerted continuous pressure such that its envisaged stepping down from power would be reshaped according to the wishes of the opposition.

These pressures culminated the following year, when Secretary of State George Schultz promoted the National Endowment for Democracy, which provided abundant funds to opponents of the military government and probably, together with massive European aid, were decisive in the triumph of the “No” side in the 1988 presidential plebiscite.

The opposition managed, with such external support, to create a climate of superiority over the government, and when opinion polls were conducted later (except for the Gallup Poll, which always favored the government), a systematic underestimation of the support it enjoyed was revealed. Nonetheless, no one even came close to predicting the 44 percent that it garnered in the end—except, I repeat, Gallup, which predicted the triumph of the “Yes” side. On average, they had set its support at just over 30 percent.

In the end, there were no free elections in 1988, but rather, the plebiscite contemplated in the transitory articles of the Constitution. The firmness with which the administration was able to preserve the itinerary it had proposed, and the people had approved, in 1980 was remarkable, despite suffering both foreign and domestic obstructions.

Communist Terrorism and the Official Response

The discovery of the clandestine arsenals sent from Cuba, the evidence that they were destined to be placed in service beyond the end of the military government, to take down the fully democratic regime elected to succeed it (confirmed by American expert opinion), and the attack against the president, wherein five members of his escort were killed, provoked a generalized and visible repudiation by the citizenry. That attitude convinced the Democratic Alliance's leaders that, by such means, they would lose not only the plebiscite in the following year but also any election that was deigned to replace it. The majority of the people rejected violence, and if the opposition made it their hallmark, that majority would incline themselves toward the government.

Historian Gonzalo Vial wrote, "The (Communist) Party, the *FPMR*, the *MIR*, and minor violent groups, nevertheless persisted in terrorism and extremist mobilizations throughout 1987. But they did so in dismay, fainting before the unmistakable lack of backing—not only politically but also in its popular uprisings. Thus, attempts to foment new collective action days were reduced to just two events—set for March 25 and October 7. Respectively, a 'day of national dignity,' without any collateral deaths, and a strike that 'achieved' four slain, but that did not strike out anything."[14] Note: according to Vial, the strike "achieved" four deaths. This recognition, tacit but clearly manifest, quite eloquently betrays the fact that killings were a political publicity stunt of the opposition.

One of the most serious terrorist attacks was recorded on July 27, when noncommissioned carabineros officer Leopoldo Tolosa Sepúlveda, who was part of the escort of the president of the republic, was murdered. As is the case with almost all victims of

terrorism, he is hardly remembered, and the perpetrators of his death have surely had access to restitution and compensation that is far superior to that of the noncommissioned man's family.

In the same way that the communist armed wing and the MIR had declared war on the administration, it began striking back. On April 29, the government began raiding slums with the help of the Army. It raided thirty shantytowns. It did so without excessive violence, but in a very organized fashion. Men over age fifteen were taken to football fields and were there identified. Their houses were searched. If there were outstanding arrest warrants uncomplied with, they were enforced. Those who were found to have no problems were ink-tattooed on the back of their right hand, which released them from further scrutiny. "When the Army left, late in the morning and having concluded the operation, it left the impression that it had wanted to leave: a sensation of a machinery of unrestrainable force, which was futile to oppose. The spirit of rebellion thus decreased significantly."[15]

The Pope's Visit

All political sectors wanted to "take advantage" of the pope's visit. Only faithful Catholics could not consider it as being something beyond its apostolic and religious aspect. For the government, achieving it was a great success while, at the same time, a great risk too, knowing that armed extremism could provoke some violent disorder during the visit.

For democratic opponents, it was an opportunity to denounce the military government before a watching world, although, publicly, the Soviet KGB had already fulfilled the task of discrediting it—ever since September 11, 1973. For communists themselves and other violent and armed opponents, it was the occasion to generate a chaos that, as they aspired, was going to be the straw that broke the camel's back of national and international patience with the military government and thus lead to its ousting. Radio Moscow announced, "Accompanying the Pope's visit there will be mass mobilization, the people will demonstrate, there will even be a fight."[16] Could anyone dispute the origin of the violence during that visit, after that communist, premonition-laden confession?

But the pope's presence mainly ended up favoring the government. "A picture is worth a thousand words" and the one that showed to the world His Holiness and President Pinochet together on a balcony of La Moneda, appearing before a Constitution Square full of government supporters who had gotten up early to see the pontiff was expedited throughout the world, producing a devastating effect on plans to demonize Pinochet.

Yet the scoundrels were surely not absent. Here is one of them, with reference being made by the Archbishop of La Serena, Francisco José Cox, to minister of mining Jorge López Bain:

> I must confess that I had some not-so-happy experiences and particularly one that was extremely frustrating. To the foreign press, with the best of spirits, we opened the doors of Channel 13 television and gave it access without the slightest restriction. However, there was abuse of our good faith and I personally watched a couple of Italian journalists pay a thousand dollars for a recording of the Popular Unity riots and showed them as if they were happening during the Pope's visit.[17]

It was planned that His Holiness and the president would speak alone for ten minutes, but they took forty-five. Neither of the two sides revealed what they talked about in life, and in particular, Pinochet always avoided answering any related queries when he was asked. But in presence of the author of this book, he confided privately, some years later, after being asked about his dialogue with the pope: "I felt immensely understood."

Pope John Paul II was one of the few world-class dignitaries who had the stamina not to "buy" the campaign against the junta, because he knew communism as an insider, being a Polish citizen, and because one of his countrymen, who lived in Santiago, Father Bruno Richlovsky, was a great supporter of the military government. And he was always concerned to keep His Holiness informed of everything, in the Polish language. And so when His Holiness visited Santiago, refused to enter the offices of the Solidarity Vicariate of the Archdiocese of Santiago, knowing what it really was—a "logistical arm" of judicial and hospital support for the communist armed wing—

a fact that remained in evidence after the murder of one of the leaders of the same was investigated, José Manuel Parada, who was at the same time head librarian of that *Vicaría de la Solidaridad.*

Following the visit of the pontiff, Marxism had to take the blame for the incidents it caused during the tour of John Paul II. Even historian Gonzalo Vial, inclined to charge the military government with its foibles, acknowledged that in 1987

> the violent movement placed a bold bet. It tried to turn the multitudinous mass held at O'Higgins Park, officiated by the Pontiff to bless Teresa of the Andes, into a bloody political protest. There came a real, though confused and scattered, violent brawl, with numerous foci, culminating in a furious onslaught towards the proscenium (front of the stage) and altar where John Paul II was. But the 'guards' of the church and the *carabineros* managed to contain the attackers, without interrupting the ceremony or, fortunately, generating fatalities.[18]

Another accurate version of the incidents, taken from the prelate in charge of the pope's visit, was the following:

> As it has been said, the climate of harmony that had prompted the presence of the Pope was broken by the extreme left. During the mass in which Sister Teresa de los Andes was beatified at O'Higgins park, a propaganda incident of unique cowardice was generated by attacking—without any provocation—a peaceful crowd, wounding two hundred sixty. When asked about the acts of violence that overshadowed such a great occasion, the executive secretary of the Pro-Visit Committee of the Pope, Monsignor Francisco José Cox, stated that the authors were absolutely organized groups and that those events had revealed something extraordinarily important: viz., "if our destiny will be in the hands of people like that, we have the saddest fate." For his part, Juan Carlos Latorre, head of the volunteers of the Papal Guard, said that the authors were "the same folks who ask the church to take them in, to take care of them and

> collaborate with them, when they feel or say they are persecuted."[19]

Upon his return to Rome, the pope found the walls covered with posters that attacked his deeds in Chile. Marxism does not forgive. But the pontiff, who never cowered before communists, replied, "The Catholic Church cannot remain indifferent to the anti-religious aspects of Marxist ideology."[20] The visit of the pope also substantially improved the climate of relations between the government and the Catholic Church, as historian James Whelan pointed out:

> Cardinal Fresno not only went to La Moneda to receive a medal that President Pinochet bestowed on him in the presence of the nuncio (Papal ambassador), but also embarked on a tour of military bases, including the Air Force base in Antarctica, which he visited in the company of *Junta* members, Generals Matthei and Gordon.[21]

Kidnapping of Colonel Carreño

In September 1987, the communist FPMR, now self-styled as being "autonomous," continued to operate and kidnapped Army colonel Carlos Carreño, deputy director of FAMAE (the Army's workshop and factory of weapons located in Talagante, due west of Santiago). His deprivation of liberty lasted ninety-two days. The FPMR managed to get him out of the country and transported him drugged to Brazil. The government refused to negotiate anything. Everyone knew its rule against terrorism, from the ministers on down, that if they were kidnapped, the administration would not pay any ransom for them or fulfill any terrorist demand.

For that reason, in the ministers and high officials' cars a well-oiled gun was hung next to the back seat. (In the case of the car belonging to a minister who was a friend of mine once sent to pick me up, I found that it had an excessive amount of oil.) They were to make use of it in case of an attempted kidnapping.

Such was the government's policy. However, some "detached" men of the CNI seemed to think differently, and after the kidnapping of Carreño, they in turn kidnapped five active communist guerrillas,

whom they had singled out. Apparently, they wanted to offer them in a swap for the colonel, although their behavior was not backed by their superiors. Then, instead, they chose to kill the five and make their remains disappear.[22]

Only in 2017 did the Supreme Court sentence thirty-two former agents of the *CNI*, including a woman, to prison terms of between five to ten years of imprisonment for their responsibility in the death of the five *frentistas* who had been selected to be exchanged for Colonel Carreño. Those communists had been executed and cast into the sea in light of the government's declaration that it would not negotiate with kidnappers. The executed guerrillas were Julián Peña Maltés, Alejandro Pinochet Arenas, Manuel Sepúlveda Sánchez, Gonzalo Fuenzalida Navarrete, and Julio Muñoz Otárola.

The director of the CNI at that time was General Humberto Gordon, until he was promoted in the same year to be Vice Commander in chief of the Army. He took a seat, then, as a member of the governing junta, the legislative power. He was replaced in the intelligence service by his deputy director, General Hugo Salas Wenzel...to his great misfortune, because over twenty years later he would be sentenced to life imprisonment for the death of twelve *frentistas*, of which he personally assured me—just days before going to prison to serve his sentence—that he was not responsible. The only evidence against him was the testimony of one of his subordinates, the author of the actions, who claimed to have received the order to execute the guerrillas from General Salas by telephone. And in March 2017 were added to his life sentence the penalty for the deaths of these other five *frentistas* originally deigned to be exchanged for Carreño.[23]

Also, Ema Ceballos Núñez, a female member of the DINA and the CNI, was sentenced to ten years and a day for the death of the five *frentistas*, but she has always denied participating, saying that she never belonged to the "Blue Brigade," a moniker which was attributed to those who carried out the vengeful acts. She was confined in the women's prison in 2017, at the age of seventy. She had to leave her home long beforehand, because left-wing people

constantly “hassled” her (by public, hateful or adversarial demonstrations at her home or workplace).[24]

The post-1990 Chilean paradigm of maximum rigor and long imprisonment, sometimes life sentences, has continued to be undertaken, contrary to existing laws, wherein judges have been committing the crime of dual prevarication: (a) against the military personnel who had the mission of confronting terrorists and preventing them from killing other Chileans, and (b) upholding the liberation and compensation of leftist guerrillas.

Nonetheless, in 1987, the Communist Party was furious with the *frentista* high command for exposing themselves to such a malfunction. This critique impelled the defection of the FPMR’s head, Raúl Pelegrín, who decided to marginalize himself from the community and operate on his own (hence forming the “autonomous FPMR”).

Gallup-Chile Poll

At the beginning of 1988, a Gallup-Chile poll taken in late 1987 was released. It revealed, with respect to the coming year’s referendum, that “Yes” supporters amounted to 39.4 percent, and “No” ones 26.6 percent, indicating a high abstention rate. Likewise, it ordered people’s impression of the main negative events that had occurred in the country, as follows:

- Natural catastrophes, 79.8 percent
- Terrorism, 78.2 percent
- Inflation, 67.1 percent
- Unemployment, 57.8 percent
- Lack of democracy, 21.3 percent
- Violations of human rights, 15.8 percent

Among the natural catastrophes can be cited the great earthquake of 1985 and the floods of 1982. The latter left thirty-two dead, one hundred thousand impaired, and property damage estimated at one hundred million 1982 dollars.

The highest level of concern for terrorism was expressed by women (83.4 percent), people forty-five and older (80.6 percent), and the country's poorest (78.8 percent). "In other words, the inhabitants of those slums where the radical terrorists had their local headquarters, which were used as bases of operations, expressed their concerns about terrorism. Yet they were very rarely mentioned in journalistic reporting on Chile."[25]

Operation Albania or Corpus Christi

On June 14, 1987, a CNI operation against the FPMR was initiated, one that conformed to the fundamentals that Americans have observed with al-Qaeda, or that the Israelis observe with Palestinian terrorists. Yet the Chilean justice system post-1990 has subjected to the highest penalties, such as life imprisonment, to those participating in such operations.

Historian Gonzalo Vial maintains that a judicial interpretation has been established regarding the deaths of twelve *frentistas* in 1987 during Operation Albania, also known as Corpus Christi, because the date coincides with the aforementioned religious festival.[26] The probable motive may have been that the guerrillas' actions had become quite apparent, with newspapers publishing testimonies, even with terrorists displaying their weapons in the streets of some shanty towns, with complete impunity. Some high authority may have exclaimed: "And what do the security services do in light of these public displays of the terrorists?" The reaction of subordinates to an observation like that can be unexpectedly exaggerated.

The CNI had the guerrillas in check but, perhaps thinking that it could obtain more information by watching rather than capturing them, it had not done the latter—at least until Operation Albania was launched. It began by killing one of the founding heads of the FPMR, Ignacio Valenzuela, on a street in Las Condes, in affluent northeastern Santiago. The CNI alleged that there had been a confrontation. Then, in Ñuñoa and San Miguel, also in the capital city, one in the afternoon and the others in the evening, another three frentistas were killed, in similar encounters with security personnel.

Moreover, a report emerged regarding combat at a frentista safehouse located on Pedro Donoso street in Conchalí, in northcentral Santiago, where CNI agents confronted and killed seven young frentistas, who supposedly had been sent to Cuba for training. Twenty years later, a court ruled that the shooting was unilateral. The CNI staff responsible ended up being hit with the strongest penalties that our laws pertaining to such deaths allowed. By contrast, the leader of the attack on Pinochet, Cesar Bunster, who brought about the death of five innocent men, enjoys perfect impunity, has been a candidate for a municipal watchdog (concejal) post, has enjoyed accolades from congressional leftists, and was invited to the La Moneda palace by President Michelle Bachelet during her first government. Furthermore, the communist military leader who publicly confessed to having masterminded this attack, current congressional representative Guillermo Teillier, has been able to avoid prosecution because the courts considered that the statute of limitations favor him. He, too, was invited to La Moneda by President Sebastián Piñera during his first term.

The country supports a double standard in relation to the rest of the world where eleven terrorists killed by the CNI generated life imprisonment for its leaders and officers. Yet the execution by Americans of thirty-two terrorists abroad resulted in total impunity, along with decorations for those who carried it out, in the following case:

> Aden Hashi Ayro, who headed *Al Qaeda* in Somalia, died yesterday along with Islamist Sheikh Muhaydin Omar and thirty others, in the largest attack by the United States on the insurgency in that country, the Al Shabab group, which was linked to *Al Qaeda*. The airstrike in the Somali town of Dusama-Reb reduced some houses to rubble.[27]

Tribute to Salvador Allende

Another testimony of the climate of detente that democratizing measures generated, and the legislating that would govern under full democracy, contemplated in the Constitution as occurring after either March 11, 1989, or March 11, 1990—depending on the outcome of

the presidential referendum of 1988—happened at the Teatro Cariola, located in the center of the capital. There, a tribute to former president Salvador Allende was held in 1987 without impediment or any inconvenience to its organizers. Details in “Memorias para Construir la Paz, Vicaría de la Solidaridad, Arzobispado de Santiago,” 1987.

Would anyone believe in 2020, three decades after the collective “brainwashing” that took place since 1990, that under the military government a public tribute could be paid to Salvador Allende, held at a major theater in the nation’s capital? On the contrary, under current “full democracy,” a tribute to former president Pinochet could not be held, as it normally would have been, in 2010, at the Teatro Caupolicán of Santiago. In that meeting, the fundamental piece of information offered was a documentary film about his work, but it could not be viewed due to the aggression of leftist activists against the attendees, some of whom suffered serious injuries, with no protection at all from the police.

The organizers of the meeting offering homage to Allende were the same extreme Left parties that had founded the United Left Party (*Izquierda Unida*) shortly before. This party, due to the violence practiced by the groups that formed it—the Socialist Party (Almeyda), the Communist Party, and the MIR—had not found a place within the Democratic Alliance that formed the Christian Democrats, the Socialist Party-Núñez, the Radical Party, and the Liberal Party, who were contrary to armed violence, after being convinced that the military government was not going to back down in light of it. Moreover, no less important was the fact that it had generated both significant unpopularity among the people and support for the military government’s hardhanded policy. Nevertheless, these groups of leftist parties were to be unified shortly thereafter, when the Concertación de Partidos por el No (the combined forces of parties in favor of saying “No” to Pinochet) was formed at the beginning of 1988.

We Do Not Want Revenge

On May 19, 1987, the president of the Association of Relatives of Missing Detainees, Sola Sierra, whose husband, a communist leader, had been arrested in 1976 and whose final destination had yet to be determined, declared, “We do not want revenge. Over time, if the people responsible are found and what happened is determined, when the convictions come down and then amnesty is legislated, we will not oppose it.”

Yet exactly the opposite ultimately happened. There was revenge; the processes never ended and instead swelled. Nor was the Amnesty Law respected; on the contrary, a slogan was instead imposed: “Neither forgive nor forget.” Indeed, those who succeeded Sola Sierra in office, after her death, have been the most vehemently opposed to any initiative to leave the past behind. Profits have also been generated through large state-funded compensation schemes, even though it can be proven that the state as such never sponsored criminal behavior.

Unemployment at the University of Chile

As part of the political opening up initiated in 1984, and which had led to the first elections of the board of directors of its student federation (FECH) at the University of Chile since 1973, under the presidency of Brigadier General Roberto Soto Mackenney, the process of democratization of the main university of the country had begun. Moreover, it had been determined that the choice of faculty deans would be made by their academic peers.

Nevertheless, the financial managers, operating within the demanding process of recovery to which the country had been subjected after the crisis of 1982, had shot up a flare indicating that the operations of the largest state university had been generating a historic deficit, amounting to one billion pesos in 1987. The government’s economists were under the impression that intervention was needed to pin down what was happening with the finances of the University of Chile, and for that purpose, economist José Luis Federici was appointed as the new rector. He was a

product of that university but was a follower of Chicago Boy policies and had fulfilled the rigorous task of overhauling the state railway system—another entity that had continuously generated gigantic deficits over the years.

But that rectorate generated a crisis at the University of Chile, perhaps precipitated by university Decree No. 4,379, dictated by the new rector, which curbed the power of deans to hire academics. If one wanted to shore up university finances, the first thing required was to control the new hires that generated higher spending.

As a result, both the Association of Academics and the Student Federation of the University called for a work stoppage starting on August 28, a climate of significant violent disorder arose, which reached its unfortunate culmination when on September 24, a student march in central Santiago surrounded a *carabinero* who was directing traffic. This policeman, acting completely on his own, without the orders or knowledge of his superiors and, of course, the government, upon feeling threatened by numerous individuals insulting and pushing him, pulled out his service weapon and fired a shot, hitting music student María Paz Santibáñez in the head, who was seriously injured.

Again, as with the "burners burned case" the previous year, the news travelled around the world: "Pinochet regime shoots student in the head." And the blowback of domestic and foreign repudiation came rigorously. The scene followed the classic pattern: a uniformed man, alone and isolated, is surrounded and harassed by an irate mob and fears for his life. He has a weapon to defend himself and uses it, wounding the closest student. A worldwide scandal was generated, and fault was not assigned to those who initiated the aggression, not even to the policeman who defended himself, but rather to the military government and its principal champion: Pinochet. It ended up being yet "another one of the crimes of Pinochet."

Conflict Resolution

During the university strike, I defended, from my *El Mercurio* column, the principle of authority. On October 7, I wrote what follows:

> It must be known who is in charge at the university (of Chile). If the government compromises on this point, the opposition will open many other rebellious fronts to repeat their triumph in them and people will be asking, not who rules the university, as they are now, but rather who rules the country.

That was the crux of the matter. Hence, I also wrote thus:

> All academic and administrative issues can be discussed: whether the development plan is good, neutral, or bad. Whether it is appropriate to have twenty-one teachers and three students (or if the inverse proportion would be better) in the astronomy department (is a valid question). (The same is true in the case of) the J. J. Aguirre Hospital (of the university): should there be more or less than 520 doctors to tend 840 (patient) beds. But such issues should only be discussed after the university's activities have gotten back to normal and the rightful authorities are respected, not before.[28]

Nonetheless, the university authorities yielded and adopted a more flexible approach, accepting the resignation of Federici—at that time the *bête noir* (bugaboo) of the opposition—on October 29 and appointing the outstanding philosopher and professor Juan de Dios Vial Larraín as the new rector. Of passing interest, the president of the Catholic University in Santiago was also an academic, Professor Juan de Dios Vial Correa. Thus, the two main universities of the country happened to have presidents with the same first name and first surname, for the first time in the history of the country. (Note: In Chile, a newborn takes the first (paternal) surname of his father as his first surname and the first (paternal) surname of his mother as his second surname.) And so it was that the professor-led university permitted that the Department of Astronomy of the University of Chile continue with twenty-one professors and three students, its J. J. Aguirre Hospital with 520 doctors for its 840 beds, and its deficit of one billion pesos per year remained, being generated by numerous similar situations.

Condemned in the UN and Facing a Strike

On December 7, the General Assembly of the United Nations once again condemned Chile for “human rights violations,” in a politically charged vote that no longer attracted anyone’s attention or generated greater consequences. The condemnation had been renewed despite the report of the UN-designated rapporteur, Fernando Volio, that the human rights situation had improved in the country.

And the epitaph on the communist military policy’s gravestone was written on October 7, when the violent strike it proposed for that date failed. It is true that there were bombings, violent personal assaults, and blackouts, for all of which the FPMR claimed responsibility. Four people were killed, and many were left wounded. Yet in the same month, the full assembly of the Communist Party recognized thus:

> Under imperialist pressure, a sector of the opposition abandoned the path of social mobilization and the combination of political force. There was fear that the mass movement would reach such levels of deployment and confrontation, that they would provoke a violent fall of the dictatorship and create a situation in which the people would come to play a determining role. Added to this was the anti-communist offensive exacerbated by the issue of the arsenals (discovered) and the attack on the tyrant (personally), on account of which the centrist parties and also some on the left gave way. There was thus a shameful surrender of the *bourgeoise* opposition, falling into true capitulation before the Pinochet regime.[29]

Fruits of Economic Success

Having left behind the worst effects of the 1982 debt crisis, the Chilean economy stood on firm ground. The Office of the Comptroller General of the Republic informed the president that the consolidated result for the public sector in 1987 showed a surplus of 105 billion pesos, which had enabled public debt service of 32 billion pesos.[30]

Foreigners also realized the improvement, albeit under the rarefied antijunta political climate that prevailed everywhere. It fell under the propaganda bombardment originating from Moscow that intimidated most of the media. Only those who did not allow themselves to be intimidated, who were in the minority, could express the reality of things, as was the case of the *Wall Street Journal*, which stated thus:

> Under Pinochet's rule, Chile enjoys enormous economic stability and progress, much greater than most of its Latin American neighbors, including those who have ousted military regimes and now have civilian governments.[31]

Starting in 1985, regulations were issued to stimulate exports and attract more foreign investment. Complying with these incentives, a methanol plant was installed twenty-five kilometers from Punta Arenas, considered the largest in the West. There were also medium- and long-term mining projects proposed by Phelps Dodge, the largest copper mining firm in the United States. Australian businessman Alan Bond, who belonged to the consortium that acquired the El Indio gold mine, informed the president about the investment projects of his company. Japanese entrepreneurs who won bids for the telephone company's liaison plan also expressed their intention to participate in new projects.[32]

Finally, law no. 18,567 of September 16, 1987, created a foreign capital investment fund to raise money outside the country "through the placement of periodic investments or to bring financial resources into the country provided by foreign institutional investors, destined for investment in publicly offered securities issued in Chile." All these measures led to the diversification of the Chilean export business and copper production, which had accounted for 82 percent of all exports in 1973 but represented just 41 percent of them in 1987.

The mechanism that allowed transforming Chilean foreign debt instruments into the capital of national companies facilitated the reduction of foreign debt by 1.98 billion dollars.[33] The incentive for investors was clear: Chilean debt securities were traded at a fraction of their nominal value and, instead, within Chile they used that entire value to acquire domestic assets. The upshot of the story was that

there was both national and international confidence pushing investment in Chile. Moreover, more investment meant more growth.

The Silent Revolution in the Facts

The country was orderly, and were it not for the terrorist attacks of the FPMR communist armed wing, financed and supplied from abroad by the STASI of East Germany, the KGB of the USSR, and the Cuban government, domestic peace and normalcy would have been widespread. Testimony was given through news published in *El Mercurio* about the international recognition of the quality of a public service, Correos de Chile (the postal service), that normally, under previous governments, had aroused many complaints by Chileans. Here is how it had changed for good:

> LETTERS FASTER. A quality control study carried out by the Postal Union of the Americas and Spain determined that the Chilean Post Office is the most efficient in terms of the average times of departure, transport, and delivery of correspondence.
>
> The analysis was carried out in September 1986, showing that the Chilean service had been surpassing the national services in Brazil, Canada, Spain, the United States, Panama, and Uruguay.[34]

The book *Chile: Silent Revolution*, written by economist Joaquín Lavín, appeared in 1987 and became one of the biggest best sellers in the history of the country, because it responded in a startling way to a question that opponents of the military government used to ask: "Just what has this government done?" The book showed that it had facilitated enormous favorable changes:

> In 1970 there were 302,000 young people pursuing secondary studies; in 1985 the figure exceeded 670,000; in the last six years, the number of young people pursuing higher education grew by 74%… Health improvements have meant that every Chilean born has 35,000 hours more time during his life than those born in 1970… There are almost 700,000 more women working in 1987 than in 1970…

Between 1970 and 1986 agricultural production grew by 54% while people employed in agriculture decreased by 101,000… The number of cars increased by 445,000 in fifteen years… With two million televisions, Chile has one of the highest densities of televisions per family in South America… During 1986, 200,000 people acquired Beethoven's 5th Symphony that was sold along with a magazine… The workers are now shareholders of steel, sugar, electricity, and telephone firms… The Chilean export of software increased tenfold between 1980 and 1987… Copper ceased being the only export, dropping from 80% to 40% of total exports, while forest products exports exceeded those of steel… The number of airline passengers increased 55% in ten years… The number of washing machines has exceeded one million, and two million bicycles circulate on the streets… Imports of capital goods, which were 16% of the total in 1984, rose to 25% in 1987… The country now looks more like Australia and New Zealand than our Latin American neighbors… Between 1974 and 1986, agricultural exports were multiplied elevenfold and fruit exports expanded twenty-five times… Pine plantations amounted to 290,000 hectares in 1973 but reached 1,100,000 hectares in 1987… Of every thousand live births, 70 died in 1970, but only 19 in 1987… Chile has become the country with the largest number of televisions per student in Latin America… *The History of Chile*, by Francisco Antonio Encina, offered by the magazine *Ercilla* in 37 volumes, sold a total of 5,817,951 books and over 137,227 households have the complete collection… The time required to obtain a birth certificate dropped from four days to thirty minutes… Chile is today a leading country. To those who have repeatedly indicated that we must regain leadership among Latin American countries, we should tell them that Chile has already done so, with plenty to spare… A student who finishes his secondary education is no longer forced to choose between the Catholic University, the University of Chile or the University of Santiago. His options include several private universities and numerous

professional institutes and technical training centers created in recent years.[35]

A New Cabinet

In July, Pinochet decided to organize a new team of ministers to join him in the remaining period prior to the referendum: to the Interior Ministry returned, as stated earlier, Sergio Fernández, and Ricardo García passed from that job to Foreign Relations; the Defense Ministry continued to be headed by retired Admiral Patricio Carvajal; in the Economics Ministry, Brigadier Manuel Concha assumed the post; in the Treasury (Finance) Ministry, Hernán Büchi remained; in the Education Ministry, Juan Antonio Guzmán assumed the post, being a business administration major, businessman, and academic; in the Ministry of Justice, the hard-liner Hugo Rosende remained; in Public Works, General Bruno Siebert remained, too; the same was true in the Agriculture, with agronomist Jorge Prado; in the Ministry of National Possessions, general of the carabineros Jorge Veloso; in the Ministry of Labor, Alfonso Márquez de la Plata assumed the role; in the Ministry of Health, Dr. Juan Giaconi came on board; in the Ministry of Mining, there was lawyer Samuel Lira Ovalle; Miguel Ángel Poduje went to the Ministry of Housing; in Transport and Communications, Air Force general Jorge Massa took charge; in the General Secretariat of Government, UDI lawyer Orlando Poblete stood in; in Odeplán, engineer and economist Sergio Melnick assumed that head role; and in the General Secretariat of the presidency, General Sergio Valenzuela stepped in.

The most noteworthy change was the replacement of lawyer Francisco Javier Cuadra, of the “hard line” and who maintained some distance with Fernandez, with lawyer Orlando Poblete. The outgoing minister became ambassador to the Holy See.

PPD’s Founding

Ricardo Lagos derived from his Committee for Free Elections the idea of organizing a useful party, saying, “In order to advance in the conciliation of the opposition as a whole and to ensure the future

stability of democracy, it is urgent that all parties aspire to be part of the constitutional framework, committing themselves to guiding their actions through a series of basic principles."

The underlying idea was to personalize the option "No" in a figure of solid moral ascendancy, capable of counteracting that of President Pinochet. A full session of the Renewed Socialist Party "agreed to request that Cardinal Raúl Silva Henríquez agree to participate with all his experience, personal capabilities, and moral prestige, which were widely recognized, as part of the solution to the serious national crisis, in order to restore democracy and social justice."[36]

The initiative did not prosper, but the Party for Democracy (PPD) that was formed and succeeded in evoking stars from various political currents: social Democrats such as Mario Papi, radicals such as Víctor Manuel Rebolledo and Jorge Schaulsohn, and Republicans or opposition rightists such as former National Party members Armando Jaramillo and Aníbal Scarella.

In the inaugural elections of the PPD widespread affiliations were evident: Pilar Armanet, former National Party member; Víctor Barrueto, former MAPU member; Sergio Bitar and Pedro Felipe Ramírez, both former Christian Left members; Enrique Correa, former Socialist Party member; Oscar Guillermo Garretón, former MAPU member; Armando Jaramillo, former Liberal and Republican party member; María Maluenda, former Communist Party congresswoman; Víctor Manuel Rebolledo, former Radical Party member; Aniceto Rodríguez, former Socialist Party senator; and Julio Stuardo, former Socialist Party—Almeyda member.

The controlling figure of the community was Lagos. The act of registering it legally precipitated the Socialist Party's decision to do the same. And possibly also the Christian Democrat's, where there was an internal minority opposed to such registration, represented by former representatives Huepe and Hormazábal.[37]

Finalized Labor Legislation

The drafting commission of the Labor Code, chaired by William Thayer Arteaga, delivered his preliminary draft at the end of October. He was former minister of the cabinet of Frei Montalva (1964–1970)

and, unlike other Christian Democratic leaders but like Juan de Dios Carmona, remained in support of the military government.

The president sent it to the junta. In the memorandum, Pinochet recalled that legislation had been in place since 1973 to replace the old labor legal framework and that the current initiative aimed to compile this legislation to create a basic text that included rules applicable to workers and employers.

The legislative work of the military government on labor matters was nurtured, but its main milestones were Decree No. 1,006 of 1975 on company bylaws, Decree No. 2,200 of 1978 on individual work contracts and protection of laborers, Decree No. 2,756 of 1979 on union organizations, Decree No. 2,758 of 1979 on collective bargaining, law no. 18,510 of 1986, which modified the hiring procedure, law no. 18,011 of 1981 on the contracting of officers and crew members, and law no. 18,032 of 1981 that modified the labor rules for longshoremen.[38]

The Congress in Valparaíso

The idea of appointing the national Congress or legislative power in Valparaíso is usually attributed to Admiral Merino, a native of that port city, but it was actually an initiative announced in July 1987 by President Pinochet, who was also from the port area.[39] The purposes on which the idea was based were those of favoring a greater decentralization of the country, trying to alleviate the concentration of population that was piling up in Santiago, a capital disproportionately large in relation to other Chilean cities, and acknowledging the importance of the regions.

When the idea was put into practice, there were so many disadvantages in having the executive branch in one city and the legislative branch in another, that it was taken for granted that a legislative motion would be approved to move the Congress back to Santiago. At times, it seemed imminent that the motion was going to be approved, but finally the Congress stayed in Valparaiso because, apparently, the idea found popular support, and within the port itself was found the vehemence to defend the venue imposed on both the practical needs and general feeling of politicians.

In October 1987, the executive presented a draft of the Constitutional Organic Law of the National Congress to the junta, establishing the seat of the same in the city of Valparaíso. But the matter of the venue was settled by another, an independent law that carried the number 18,678, that was published on December 18, 1987. It established that the legislative power would be based in Valparaíso. After adequate debate over the precise location of the site that would house the Congress, the presidential recommendation ended up being approved. It would be set in the place once occupied by the classic and old Deformes Hospital, in the central area of the port city.

A competition between two architectural projects was called for and, having received one done by a socialist architect and another by a right-wing one, the government and the junta opted for the former—to the dismay of all those who considered that the neoclassical lines of the alternative project would have served the aesthetic sense of our society better than the modern giant finally preferred. This process culminated the design of the transition to democracy, and as academic Gustavo Cuevas Farren recapped,

> In summary, it is undeniable that of the three models of transition, i.e., (1) the negotiated or agreed, (2) the shattered, and (3) the institutionalized, the one that ended up prevailing in our case is the last of these three, which not only allowed for the government's opponents to win in a non-traumatic way in the ensuing presidential elections, but also that the same transition process was later considered to be paradigmatic for similar experiences on different continents.[40]

Annual Economic Balance

GDP grew more in 1987 than the previous year: 6.5 percent. Really, the economy was leaving behind "the bad days," as *El Mercurio* once called them during the midst of the currency crisis of 1982. In fact, it was an unusual growth rate for the country. Unemployment returned to single digits: 9.6 percent, but inflation increased a little, to 21.5 percent, confirming the tradeoff that economists represented in the Phillips curve. But the fixed capital investment rate increased 2.5

points, reaching a promising 19.6 percent and opening the door to greater growth, which effectively came later. The fiscal budget deficit increased a bit, to 2.2 percent of GDP.

Foreign trade boasted a more favorable trade balance than in any previous years: 1.308 million dollars. At the same time, the current account deficit was reduced by more than 400 million dollars to 735.5 million dollars, but the capital account's surplus fell—albeit not by much—to 890.2 million dollars. Foreign debt was also reduced by about 300 million dollars, to 19.208 billion of that same currency.[41] The Central Bank's gross international reserves increased to 3.613 billion dollars, i.e., 299.4 million dollars more than the previous year's.[42]

Chapter 16

1988: Yes or No

The Year of the Referendum

The plebiscite of October 5, 1988, was the event of the year, and it absorbed the discourse of public opinion, something that the country could afford, because it was otherwise doing very well, as may be observed in the economic results noted at the end of this chapter.

The economy prospered like almost never before. Public order was effectively maintained by the government. Serious conflicts that arose in later decades, such as the violence and chaos in La Araucanía, especially during 2018–2019, but increasingly since 1990, simply did not exist then. In particular, those of a supposedly ethnic character were nonexistent because in 1988 the Caciques junta of that region extended public recognition to Pinochet. It consisted of a parchment bestowing on him the title of grand chief, conductor, and guide (*Ullmen F'ta Lonko*), thanking him for the massive land grants to the Mapuches.[1]

Since 1985, the government had delivered deeds to property to over a thousand families of that ethnic group, thus fulfilling the fifty thousand deeds designated to be granted within regions VIII, IX, and X, corresponding to 290,000 hectares.[2] Not in vain would the Araucanía give Pinochet one of his two regional triumphs in the referendum, by favoring the "Yes" side on October 5.

In recounting these achievements, the president had set out fairly precisely the principles of a free society, perhaps unintentionally, saying that it was necessary to continue to maintain "an unrestricted respect for the right to property, equality of opportunity, and assure people's freedom as families, society, and the nation."[3] But the great national discussion revolved around whether or not the referendum should take place, as was stated in the transitory articles of the Constitution.

The administration had progressed methodically toward the implementation of the legal institutionalism that would rule under the full democracy established in the permanent articles of the charter that was approved by the people in 1980. These included the constitutional organic laws of the bases for public administration, the national Congress, voting, vote counting, and political parties, all of which either had been studied or were being studied within the legislative commissions that advised each of the members of the governing junta, which had served as the country's legislative branch since 1973 and also during the transition.

Yet the government was divided, with the UDI forming a separate unit, splitting off the National Renovation Party (RN). Both groups would then work together for the plebiscite but afterward would follow separate paths and strategies. After 1990, the RN predominated initially, but later the UDI would have more adherents and parliamentarians, except during the 2017 election, in which the RN surpassed it. Contrary to what seemed like the prevalent opinion in the 1990s (i.e., the one that distanced itself from the military government would end up earning electoral dividends), it was the party that least distanced itself from the government—the UDI—that garnered the best electoral harvest.

The Cardinal Speaks in Spain

Cardinal Silva Henríquez, considered an adversary of the military administration, declared in *El País* (Spain) some things that probably bothered the Chilean Left. He said, of course, that "you have to pardon the military men." "If the reparations for the evils caused will arouse new trepidations in the Army, let us not force the issue, because it would be counterproductive and might run the risk of inciting another *coup*."

In the same interview the cardinal acknowledged an important fact: "The Chilean military did not want to inject itself into the government, but rather Chileans mostly demanded that they do so, and we pushed them into action. The clumsiness of communists and socialists also contributed…who tried to establish a dictatorship of the proletariat."

During the 1990s, there were no acts of vengeance against the military, but starting with Pinochet's imprisonment in London in 1998, leftist justice unleashed an assault against them that has never ceased. Moreover, as there have been no energetic uniformed commanders to oppose it, based on the fact that, as the Supreme Court clearly and publicly admitted in 2010, the current legal rules have been trampled upon to judge military men. Hence, vengeance has not only prospered but has even been generalized and magnified to the greatest excesses, without the slightest military reaction.

Of all the declarations made by the prelate to *El País*, only the cardinal's overly optimistic assessment of the capacity for military reaction and his acknowledgment that the uniformed were called to power by a majority of citizens should be highlighted. Indeed, he himself confessed to having literally united with that majority.[4]

General Health Improvements in the Country

The military government was commonly blamed for having sacrificed social goals to achieve greater economic growth, but in March 1988, the Office of National Planning (Odeplan) published some figures on health advancement in Chile that demonstrated a remarkable improvement in this aspect of social progress. This headway came since, along with tighter spending controls, greater discipline was achieved among public health personnel: better management, the elimination of illegal strikes, and higher performance requirements.[5]

In the same Odeplan publication previously cited, *Health Advancement in Chile* (March 1988), some other advances were recorded: On the one hand, there was an increase in private participation beginning in 1981, thanks to the creation of health insurance institutions (ISAPRES). In 1981 they served 26,500 people; in 1987, 490,000 (page 5). Public expenditure on health, stated in 1986 pesos, went up from 39.931 billion in 1973 to 85.809 billion in 1985 (page 7). The free distribution of milk and protein mixtures rose from 19,218 tons in 1972 to 42,078 tons in 1986 (page 8). The number of doctor's was 134 in 1970, rising to 319 in 1987; and that of rural clinics rose from 771 in 1970 to 992 in 1987 (page

9). Rural medical outposts rose from 13 in 1970 to 1,180 in 1980, even though the investment in such infrastructure and equipment fell from 3.935 billion in 1975 to 2.992 billion in 1986, stated in constant 1987 pesos (page 10). Dental checkups and care for schoolchildren increased from 3,945,878 visits in 1973 to 4,486,791 in 1985 (page 12). The number of professionals per ten thousand inhabitants increased between 1973 and 1985 as follows: doctors from 4.36 to 4.60, dentists from 1.42 to 1.47, nurses from 1.84 to 2.32, and midwives from 1.24 to 1.67 (page 14). The number of checkups and medical consultations, which in 1970 were 10,043,800, rose to 30,718,700 in 1986, i.e., they increased from 1.4 to 2.5 per inhabitant (page 15). The malnutrition rate among children fell from 15.9 percent in 1976 to 8.7 percent in 1985 (page 16). The infant mortality rate, which was 82.2 per thousand live births in 1976, dropped to 19.1 in 1986 (page 17). It was the lowest rate in South America that year. Trailing Chile were Argentina with 34 per thousand and Uruguay with 38 (page 18).

As a result of these improvements and others, the life expectancy of Chilean men increased from 58.5 years in 1969–1970 to 64.7 years in 1980–1985, and among women from 63.8 to 70.4 years. Deliveries of babies without professional care dropped from 18.9 percent in 1970 to 2.3 percent in 1986, and maternal mortality fell from 1.68 per thousand live births to 0.47 (page 19). Infant mortality due to diarrhea fell from 14.6 per thousand to 0.7, and that due to bronchopneumonia decreased from 23.6 to 2.7 per thousand between 1970 and 1985 (page 20). Between 1970 and 1986, the supply of drinking water in urban areas rose from 66.5 percent to 97 percent, and that of municipal sewerage from 31.1 percent to 77.4 percent. Rural drinking water supplied likewise rose from 34.8 percent in 1973 to 70.3 percent in 1986 (pages 23–24). This set of advances allowed the Deputy Director of the Ministry of Development and Social Assistance of the government, Marcelo Astoreca, to report that “Chile exhibits the lowest level of poverty in Latin America,” after attending a meeting in Montevideo sponsored by the government of Uruguay and the United Nations Development Program (UNDP).[6]

Quality of Life

Economist Álvaro Vial, director of the National Institute of Statistics, showed the registered changes in the quality of life of Chileans under the military government:

> In terms of housing quality, we can see that it has increased considerably. Houses now have walls composed of better materials and a much higher percentage of them have running potable water and sewage. The percentage of homeowners has also risen significantly.
>
> Moreover, there has been a big increase in the number of appliances used within the home. In fact, there are now two million more televisions than in 1970, 800,000 additional refrigerators, and 900,000 washing machines that did not exist beforehand. Furthermore, numbers of vehicle showrooms and personal computers have increased substantially. In sum, notable advances have not only been seen in the *number* of appliances found within the home but also in their *quality*.[7]

The Country Most Monitored by Human Rights Groups

Surely, there was no other country in the world that was subject to greater human rights scrutiny than Chile during the 1970s and 1980s. Starting in 1973, the respective commission of the United Nations managed to gather political majorities to condemn the country in this aspect, although the nine killed during 1978 in the fight against subversion was a relatively insignificant number. In 1988, this close UN monitoring continued.

> Of all the international organizations dealing with human rights in Chile, none was more intimately and constantly involved than the International Red Cross. In March 1988, a team of scholars from the Heritage Foundation in Washington went on a week-long visit to Chile, seeking information about what was going on. An internal memorandum, prepared after

their return, reported on conversations with Dr. Jean Francois Bonard, who was in the midst of his second tour of duty with the Red Cross in Chile.

According to the report, Bonard said that the original agreement had been extended, so that “he could enter any prison in Chile, at any time, to see any prisoner. He did not have to make an appointment or tell anyone what he was planning to do.” He also said that the doctors of the Red Cross had authorized immediate and unconditional access to any prisoner, except those who were incommunicado.[8]

The Chilean military revolution opened up the country, like no other, to be examined with respect to human rights matters as much as anyone desired, both to its detractors and their cronies, or anyone else who had sincere concerns about the matter at hand. Surely, there was no other nation on Earth willing to cede its sovereignty for as long as foreign “inspectors” wanted to review the circumstances through the remotest corner of the country in the quest to prevent any possibility of abusing the rights of its inhabitants.

Progress in the Mining Sector

The main mining targets increased production by two or three times between 1973 and 1988. Consider the following comparative table between 1973 and 1988, summarized by the author, which were noted by mining minister Samuel Lira Ovalle in his article “Mining Sector Realizations 1973–1988,” published in *Politics* in 1989, the journal of the Institute of Political Science of the University of Chile, Editorial Universitaria Press, on page 169:

Copper	from 735,400 to 1,450,000 metric tons
Refined copper	from 414,800 to 1,013,000 metric tons
Molybdenum	from 4,891 to 15,527 metric tons
Silver	from 156,732 to 506,501 kilograms of pure silver
Gold	from 3,226 to 20,614 kilograms of pure gold
Coal	from 1,293,000 to 2,470,000 metric tons
Iodine	from 2,211 to 3,600 metric tons

Lithium (carbonate)	from 2,110 to 7,332 metric tons

Improvement in Agriculture

Agriculture minister Jorge Prado Aránguiz announced the great progress made in this field of production. The agribusiness trade balance had negative results of –565,000,000 dollars in 1973 but had positive returns of 1,369,900,000 dollars in 1988. Fruit exports rose from 15,400,000 dollars to 668,826,000 dollars. The fruit-growing area increased from 65,730 hectares in 1973 to 161,950 hectares in 1988.

Harvestable forest areas increased from 290,000 hectares in 1973 to 1,350,000 hectares in 1988, and the respective exports increased from 36.4 million dollars in 1973 to 730.1 million dollars in 1988. Employment in agriculture more than doubled between both of those years, while unemployment fell from 4 to 2 percent in the sector. The production of meat more than doubled between both years; milk's rose from 855 million to 1,120 million liters.[9]

Progress in Housing

Through affordable housing subsidies, 470,000 houses were built between 1973 and 1988, in which the tireless efforts of housing minister Miguel Ángel Poduje played a leading role. He wrote thus:

> In 1973, Chile was confronted with one of the worst social ills: squatters' shanties. [Author's Note: Land usurped with improvised housing made of light material without being connected to public utilities.] In the Metropolitan Region alone during 1973, over 75,000 families lived in such conditions. By 1988, either through planned eradication or legalization, around 68,000 such situations were resolved, leaving around 3,000 undone. In this way, we were at the dawning of resolving such marginal housing issues, wherein the case of the "squatters" became a priority.[10]

Dissenters and Conciliators

If the government had been guided by the prevailing opinion among political leaders, it would have proposed modifying the Constitution, and instead of holding the presidential referendum contemplated in the transitory article, it would have pushed for an open election to choose the next president of the republic. But interior minister Sergio Fernández's view was to stick to the constitutional provision establishing the plebiscite.

The extreme Left's communists and socialists had been defeated on the "battlefield" that was created by the armed wing of the Communist Party, the FPMR. Its armed action was supposed to culminate, according to optimistic forecasts, in 1986, the "decisive year." The attack on Pinochet, despite having failed, had not caused it to abandon its hard line, wherein it proclaimed that the country should start from scratch once it ended, by whatever means, the military administration.

But there was another, more realistic and, therefore, conciliatory line, personified by Christian Democratic leader Patricio Aylwin, who after the failure of the 1985 National Accord had reiterated his 1984 remark, which greatly irritated the Marxist Left: "I am willing to accept the current institutionalism in order to change it." This statement implied a recognition of the democratic character of the institutionalism, because if its opponents considered that it could be changed "from within" it meant that they considered it to be an appropriate means for a power change, i.e., a democratic exit.

Too, within that strategy was the idea of asking for "free elections" instead of the presidential plebiscite. But the military government remained firm in its itinerary for the transition established in the Constitution. In view of that, already at the end of 1987, the Christian Democrats had accepted the idea of participating in the referendum, naturally touting the "No" banner.

In January 1988, the disruptive left, that formed the so-called United Left, made up of the Socialist Party–Almeyda, which was pro-communist; the Communist Party; the two MAPUs; the MIR; and the Christian Left, also ended up accepting the plebiscite, although they "saved face" with a bombastic invective of Almeyda that claimed to

have adopted “the clear and sharp decision to raise a gigantic and combative NO to Pinochet and his regime.”[11]

Of course, that antigovernment deployment and harsh language would today be incompatible with the prevailing version defining a *dictatorship*. That result came from the methodical brainwashing practiced by successive left-of-center governments that have been successively installed in administrations in Chile since 1990.

In view of all this commotion, on February 2 the opposition’s agreement to back the “No” side was signed, and the Concertación de Partidos por la Democracia was formed. Their constitution was signed by the Christian Democrats, the Socialist Party–Almeyda (not renewed, which means “Marxist-Leninist hard liners”), the MAPU Worker-Peasant Party (i.e., former Christian Democrats immigrated to the extreme Left), the MAPU (also former Christian Democrats immigrated to the Left), the Radical Party-Luengo-Silva Cimma (unipopulist radicals), the Christian Left (formerly the Christian Democratic Left revolutionaries), the Social Democrats (radicals of the moderate Left), Socialist Party–Núñez (renewed), the National Democratic Party (*Padena*, the former “hinge party” of the center left), the Humanist Party (formed by the new humanists), the Popular Socialist Union (moderate socialists, heirs of Raul Ampuero), and the Republican Liberal Union (an opposition group from the Right). That is, the Christian Democrats, plus the old Popular Unity without communists, plus some rightists, went off to form part of the opposition coalition.

Vice president of the Christian Democrats, Andrés Zaldívar, with his immoderate way of doing things that had elicited his ban on re-entering the country years earlier—a characteristic that had not entirely left him—declared that he would fight to beat the plebiscite or “disqualify” it.[12] The party president, Aylwin, was more moderate and declared that if the “Yes” side triumphed in a proper process, it would also be respected. And the communists, typically, declared that they would vote “No” but also made clear that they would never recognize a triumph of the “Yes.”[13]

The Role of the Christian Democrats

The role of the Christian Democrats became decisive as the referendum drew near. Few, like American historian James Whelan, have deciphered the hieroglyphics of the indecisions, goings, comings, and vacillations of this admittedly ambivalent or foggy lens of Chilean politics, as witnessed during the military government:

> The Christian Democrats (Christian Democrat Party) and many who followed them closely stumbled—rather than marched—through four identifiable phases. The first, from 1973 to 1975, was mainly in support of the revolution, albeit with increasing discontentment. The second, a period in which they were adrift, was shattered by the third: political activism and renewed alliances with the extreme left. This was concentrated in the struggle before and after 1980. The economic crisis that began in mid-1981 became the *deus ex machina* that rescued the party from its languor and confusion. Taking advantage to nourish the popular discontent and anxiety caused by the crisis, once again the party made common cause with the extreme left (although not formally with the communists) in what, confidently, was believed to be a movement that would impel the exit of Pinochet. It came at the cost of the idea that Pinochet could be expelled by popular pressure and, in the end, was overtaken by what happened. At the beginning of 1987, the transition to democracy—however imperfect—was already something that was actually happening. For the Christian Democratic Party entered the final phase at the beginning of 1987; it focused on an internal and external political mobilization, designed to place the party as the catalyst for a coalition capable of capturing power. Based on the axiom that, if you cannot beat them, join them, the Christian Democrats and a miscellany of smaller counterrevolutionary parties joined the process. Given that both the Christian Democrat Party and its aimless allies despised both the inventors of the process and the machinery they had

designed, the “incorporation” was discontent and consummated with insecurity. As scholar Michael Fleet has pointed out, the fate of the Christian Democratic Party has clearly had its ups and downs to the extent that the economy has had them: it thrives more during times of hardship.

But in late 1987 and early 1988, it was a question of getting involved with politics or perishing. That is why the Christian Democrats saw themselves, who sounded and acted increasingly with the swagger and prepossession that, like many years before, had even made its admirer the *New York Times* characterize them as having “an inflexibility that many considered arrogance.”[14]

A Great Achievement: The Carretera Austral

The road that starts at kilometer marker 0 just south of Puerto Montt and reaches marker 1,000 at Chile Chico, on the shore of Lake General Carrera (Eleventh Region), was completed in April 1988. Its construction began in 1976 with the impetus of the Military Corps of Engineers. It had been incessantly making progress over twelve years of uninterrupted work.

At the same time, benefits for investment and reinvestment in the territories of Aysén, Chiloé, and the communities of Chaitén, Futaleufú, and Palena were opened up, in the Palena Province of the Tenth Region. For this purpose, law no. 18,270 of December 21, 1983, was enacted, which gave homesteading land titles to natural Chilean persons who had occupied and worked it for the previous five years in the Eleventh Region.

The north-south southern highway Ruta 7, Carretera Austral, was destined to be the backbone of a process of settlement and civilization of the sparsely populated Chilean southern territory. According to projections conceived by Pinochet ever since the time he was professor at the War Academy (1954), he foresaw that the area could accommodate ten million inhabitants.

The impact of this monumental work has even been recognized by the detractors of the military government. The onetime public works minister who became president of the republic, Ricardo Lagos,

declared in 1994, “When the history of Twentieth Century Chile is written, one of the most outstanding achievements noted will be the construction of this route.”[15]

The Concertación Is Born

The opposition was in accord with adopting a conciliatory line. This stance thus devolved itself into the formation of a political coalition that would replace both the defunct Democratic Alliance of the previous years and the insurgent MDP, led by the communists. Against that union, UDI founder Jaime Guzmán Errázuriz had advanced a legal action aimed at declaring it unconstitutional, which succeeded.

The new opposition coalition was named in February 1988 as the United Pact of Parties Favoring “No” (Concertación de Partidos por el No), wherein a pact was signed by seventeen collectives ranging from the Left to the Right of the political spectrum. Nonetheless, the MIR and the Communist Party persisted in their longstanding insurrectional stance, not without a certain liking for the pact, because their terrorist and violent actions were not well looked upon by citizens and leftists did not capture future votes by perpetuating them.

The United Pact had an initial success that would end up transforming itself into a lasting arrangement for an indefinite period. It fostered the idea, through massive and generously financed propaganda—wherein the foreign help it received from Europe in particular was striking—that people would be choosing between continuing a dictatorial military government and a democratic administration. Nevertheless, the truth was otherwise. The same fully democratic constitutional norms, with popular election of parliamentarians, the free creation of political parties, and broad application of individual liberties, were going to reign whether the president were Augusto Pinochet or someone else.

If the “Yes” in the presidential plebiscite were to have triumphed, full democracy established in the permanent articles of the Constitution would have taken effect on March 11, 1989, after having free congressional elections, with Pinochet president and a

democratically elected legislature. Some senators would be, however, constitutionally appointed on account of their previous government service: all former presidents of the republic, a former minister of the government, two former Supreme Court justices, a former Comptroller General of the republic, a former Commander in chief or General Director for each branch of the armed forces and the carabineros, and a former university rector.

Had Pinochet won, the parliamentary elections would have taken place in 1989 and the permanent rules of the Constitution, which guaranteed pluralism and full democracy, would have entered into force a year earlier. So in that sense, a “Yes” victory would have implemented full democracy a year earlier. But this rationale was not successfully transmitted to voters, the lion’s share having been led to believe—and possibly continuing to believe until today—that if the “Yes” were to have triumphed, the marked military administration that had lasted almost seventeen years would continue, which was simply untrue.

Official Voter Registration

Next began the race to get people registered to vote, as established by the recently enacted decree on popular voting and vote-counting, announced in May 1988. The rush of people to register to vote led the communists and the MIR, finally, to both submit to this renewed institutionalism and to decide to participate in the referendum in June 1988.

That same month, sixteen political parties initiated the formation process, in accordance with the respective organic constitutional law. Only one was pro-government, the RN (Renovación Nacional), which managed to gather the required signatures (thirty-five thousand) and was duly constituted. Within it were fused two party undercurrents that experienced constant infighting: the National Union and the UDI (Independent Democrat Union).

The process was guided by the firm hand of Sergio Fernández Fernández, the interior minister who succeeded Sergio Onofre Jarpa in 1985. He was an independent who backed the UDI. Among the opposition there was much overconfidence, so much so that

Christian Democratic leader Patricio Aylwin even stated that he would be willing to recognize the triumph of the "Yes," if it came out of a "clean referendum."[16]

Lagos's Minute

Catholic University's (channel 13) television program *Face the Nation* (*De Cara al País)* featured panelists that included leftist journalist Raquel Correa; center-right lawyer and journalist Roberto Pulido, director of the weekly magazine *Qué Pasa*; and Lucía Santa Cruz, with a doctorate in philosophy and letters from Oxford. In April, socialist leader Ricardo Lagos, considered at that time to be a talented leftist lawyer, with a master's degree in economics from Duke University, appeared on the show. He spouted off during his remarks with the following invective: "And now (Pinochet) promises to give the country another eight years of torture, murder, violations of human rights. It seems strange that a Chilean would be so full of ambition for power. He proposes being in power for twenty-five years."[17]

Of course, nothing happened to Lagos, despite the popular myth that Chileans could not criticize the government under Pinochet's presidency. In another episode of *Face the Nation*, to which I was invited to participate as a civilian supporter of the government, journalist Roberto Pulido, director of *Qué Pasa*, which I had helped found in 1971 along with many others, assured me before the program started that the referendum, whose exact date had yet to be announced, was going to take place on October 5 and that he knew it from a trustworthy source. He added that he intended to ask me during the program if I knew the date. He did so, and I answered, "I do not have official information, but a reliable source has assured me that it will take place on October 5th." This remark provoked a lot of public feedback, and in fact, the plebiscite's date was on October 5. My source was Roberto Pulido, who did not want to reveal his.

Uncertainty about the Result

In August 1988, the Episcopate of the Roman Catholic Church, curiously, asked for a consensus candidate between the government and its opposition—to be voted in favor of or against in the referendum. Yet Admiral Merino outrightly dismissed the proposal. However, the attitude of the prelates suggested some popular concern about the possible outcome.

The polls mostly favored the “No” side and, compared to the final result, systematically underestimated the “Yes” vote, which alerted us to a “hidden vote” in favor of that side that many respondents did not dare disclose. But all pollsters did agree that there was a high number of undecided voters.

In fact, on the same day as the referendum, *El Mercurio* published on its front page a survey that indicated that “Yes” would be the winner. An American journalist from some large media network there interviewed me while I was standing in the voting line, holding a copy of the newspaper in my hand. I assured her that the outcome was going to be the one predicted by the pollsters, but then she added up the figures reported in the newspaper and pointed out that they summed to over 100 percent. That fact caused me great uneasiness, since such an error should not go unnoticed for the American viewers who would later witness the scene via the newsreels.

The “No” side had an important propagandistic advantage and managed to install convincing figures, such as those delivered by socialist leader Ricardo Lagos, who stated that Chile was 12 percent poorer in 1988 than in 1970. He cited circumstances showing that in the earliest of those years Chile had taken the lead in Latin America, while in later years it occupied a much lower place within GDP rankings for the continent. The vice president of the Christian Democrats, Andrés Zaldívar, for his part, affirmed that “the head of state intends to ignore that in Chile there are five million poor people, that the country has fewer goods and services than it did in 1970” and that Chileans lived in an intense situation, with a severely deteriorated income distribution.[18] Judging from these opposition leaders’ statements, no one would have believed that they lived in a country without a shortage of goods, which was growing at 8 percent

per year, had unemployment in sharp decline, and soon would have the highest per capita income in Latin America.

Pinochet replied, “Nobody can counter the fact that we have been able to reduce extreme poverty by almost one-half of that which existed in 1973,” and further affirmed that “social indices show that Chile can now be compared to developed countries.”[19]

Nonetheless, the international support for the “No” side could not be equalized. Washington materialized its economic support via the National Endowment for Democracy (NED), which financed numerous opposition organizations: trade unions, academic institutions, and media outlets. Pinochet knew this fact and described it as “an act of intervention that cannot be pleasing to the majority of Chileans, or even by significant sectors of the opposition.”[20] American ambassador Harry Barnes, who systematically contradicted the good wishes that President Reagan had expressed toward the military government, claimed that support for the opposition did not imply intervention into the internal affairs of Chile but rather “promoted participation and civic education—processes that correspond to all real democracies.”[21]

Constitutional Normalcy

On August 23, 1988, all states of emergency in force were ended. On the thirtieth of the same month, the junta announced that it would propose to the country the name of Augusto Pinochet Ugarte as presidential candidate to be placed on the referendum ballot. General Matthei assured people that one of the commitments made by the president would be, if he were successful, that he would take office as a civilian having already retired from the Army. For months, people had speculated about names other than Pinochet’s as being the candidate proposed by the junta for the referendum. Yet since the previous year, it had anticipated that if the president was proposed to run, it would back him.

Pinochet accepted the candidacy in a speech broadcast on national television. It was said that he chose between two texts: one prepared by interior minister Sergio Fernández, focused on the future and leaving the past behind; another prepared by Francisco

Javier Cuadra, former minister, who had served as general secretary of government, and more recently ambassador to the Vatican, who returned expressly to prepare the text. His script was based on describing the achievements of the government and stressing the dangers of returning to Marxism. Pinochet chose the latter. My personal memory is that, upon hearing it, I thought that Pinochet had missed an opportunity to capture undecided voters. Gonzalo Vial, citing Fernández's reflection, stated that the speech written by Cuadra was a decisive contribution to Pinochet's subsequent defeat.

By mid-1988 there were sixteen political parties in the process of gathering the necessary notarized signatures. Only one, the *RN* (National Renewal Party), had completed the process, but the Christian Democratic Party was close, and the Socialists (de Núñez and de Almeyda) had unified, while an "instrumental party" formed by Lagos, the Party for Democracy (PPD), had appeared, too, which was supposed to be dissolved once the "No" side won...event that has yet to happen in 2019, even though it seems to be on the brink of doing so.

On September 1, the policy prohibiting communist and extreme leftist exiles to return officially ended, except for those serving judicial sentences requiring banishment, which amounted to 177 rulings. The exiles returned before the plebiscite. Noteworthy personalities came back, such as the widow of Salvador Allende, Hortensia Bussi. She settled into a comfortable apartment on Av. El Bosque, in Providencia in northeastern Santiago, where my lawyerly colleague, journalist, and fellow writer for *El Mercurio* also lived, Tomás P. MacHale.

As previously noted, years later, at a dinner at the Navy club called "El Caleuche," when it was still located on Merced Street, I heard with some surprise from a retired Navy officer that had a real property decoration business, that he had been hired by the Embassy of the United States to create a category or stylish department on El Bosque Avenue destined to house Hortensia Bussi, Salvador Allende's widow. How surprising is that fact?

Reduction of Foreign Debt

Economically, the country was progressing quite well, and in July a new reduction of 1,208 million dollars of the country's foreign debt was revealed, placing Chile ahead of those nations that were able to recover from the "lost decade of Latin America." The application of the rules of chapter 19 from the *Compendium of Foreign Exchange Regulations* facilitated the acquisition of Chilean assets and payment of domestic debt by purchasing domestic debt securities abroad at a fraction of their nominal value. Those who knew how to run a business did so. During a visit to the country, IDB president Enrique Iglesias affirmed that "very interesting things are happening that obviously facilitated banking action; to the extent that the macroeconomic situation improves and is controlled, inflation decreases, and exports rise, everything becomes much easier for multilateral organizations."[22]

On August 4, 1988, finance (treasury) minister Hernán Büchi signed an agreement to repay the foreign debt with the representatives of four hundred creditor banks. This repayment was good news for everyone and was why Pinochet could affirm that in April 1988 a decrease occurred in the extreme poverty index from 21 percent to 14 percent.[23] Nonetheless, the opposition insisted that there were five million poor, that is, 45 percent of the population.

The Plebiscite Campaigns

The government seemed to have limited means to run its campaign. I was asked to participate in the TV space reserved to the "Yes" option, and I remember that I went to record my spot with a young field hand whom I knew well. He had prospered, going from poverty to a comfortable situation under the military government, thanks to his entrepreneurial spirit and the economic freedoms that the administration had established. I was struck by the rudimentary recording studio, which even had a dirt floor, *in* an old building with adobe walls. The environment itself indicated electoral poverty.

As an ancillary result, I participated in the first episode of the television series "electoral strip," which granted fifteen minutes for

each of the two ballot options and was broadcast on the network at eleven o'clock at night. The presentation of the field hand who was with me was omitted, but mine took place and could still be seen on YouTube in 2018. The next day there was consensus on the technical and argumentative superiority of the "No" side, supported by technology contributed from abroad and a lot of local talent.

I must confess that when the government asked different people with similar views about the existence of a televised electoral spot in the presidential plebiscite, I was against it. But the Elections Qualifying Court imputed the contrary view, ruling that each party should have a free, daily fifteen-minute "spot" on television.

Thus, although it was successful with the audience, the opposition exploited its airtime by posting seemingly infinite images of "abuses" supposedly against people by the government. (I remember one episode in particular in which appeared an elderly woman whom I knew and who favored the "Yes" side. She was asphyxiated by tear gas lobbed by carabineros during a violent street protest carried out in downtown Santiago by people on the "No" side.) At the same time, announcer Patricio Bañados, my former schoolmate, repeated, "No more, this cannot continue happening," without adding (1) that the disorders had been incited by "No" extremists, (2) that the use of tear gas had been inevitable, equally affecting negatively both supporters and adversaries of the administration that had been passing through the streets of downtown during the opposition's protests, (3) as was the case with the nearly suffocated, government-supporting lady.

The president and the authorities deployed themselves throughout the country, as did the political leaders of the opposition. Propagandistic efficiency was also attained through the housing subsidy, idea of the economist Miguel Kast, that was employed by housing minister Miguel Angel Poduje between 1984 and 1988. He was a figure who gained enormous national popularity. Had he had political ambitions, he would have obtained unthinkable successes, but he did not want to run for Senate, as he had been urged to do. The subsidy was granted according to scores assigned based on objective criteria, to applicants of limited resources, and facilitated wide access to permanent housing solutions.[24]

The economic superiority of the “No” campaign counterbalanced the advantage that official support conferred on the “Yes” campaign. The National Endowment for Democracy’s assistance represented tens of millions of dollars, reinforced by the so-called American “August Plan,” was augmented by money received by the opposition from West Germany, Andorra, Belgium, Denmark, Spain, Finland, France, Holland, Italy, Norway, Switzerland, and Sweden, as well as the European community as such. Still more funds came from the United States, Canada, Argentina, and Costa Rica.[25]

The military government, standing alone against most of the developed and communist world, saw the dream of Brezhnev and his KGB come true: to see itself become universally reviled. Ironically, such leaders and artefacts of Russian communism that so much did to put an end to Pinochet and the junta, disappeared before them—likely due in at least to some degree to Pinochet and the junta. Because from those adversaries sprung the origin of demands to respect human rights that ended up making real socialism unviable; and Pinochet and the junta were the first in the world to demonstrate in practice that economic freedom had been successful in overcoming some of the worst crises imaginable.

Signs of Democratic Normality

In reality, people living in the country had already put behind them the disruptive strategies that had set in motion demands for the president and the junta to abandon power. The task that was begun more than sixteen years earlier by the KGB (from the Kremlin), with the purpose of demonizing the Chilean military worldwide, had had propagandistic success but no practical result. Indeed, Chile might have been vilified in the international press, but the cold, hard figures indicated that it was the most successful country in Latin America and the first to emerge from the debt crisis, during the “lost decade of Latin America,” i.e., the 1980s.

In addition, order prevailed here in Chile. The terrorists and criminals knew what they were getting themselves into. The current Araucanian conflict in the South Central Ninth Region, 2018–2019, simply did not exist in 1990. The inhabitants of that region who were

from the Mapuche ethnic group not only did not host the insurgents but were also supporters of the military government. They would demonstrate that fact by a majority voting to grant victory to the “Yes” side in the October plebiscite.

Even though in May 1988 the government prolonged the state of emergency, which had replaced the state of siege implemented in the “decisive year” of the communist armed offensive (1986), it still permitted the authoritarian climate to be relaxed. Indeed, it allowed the return of yet another twenty-five people to the country that had been forbidden to do so. Among them were prominent left-wing revolutionaries, such as Américo Zorrilla, a communist; Jacques Chonchol, driver of the confiscatory leftist agrarian reform carried out under President Frei Montalva; and leftist lawyer Sergio Insunza.

Quite Significant Electoral Participation

The biggest help the “Yes” side received at the end of the campaign was from the communist FPMR, whose attacks left the capital without power on one of the nights prior to the plebiscite, generating citizen annoyance. But its effect did not reach enough voters: finally, the “No” side won with 54.7 percent of the vote, i.e., 3,959,495 votes. The “Yes” side obtained 43 percent, i.e., 3,111,875 votes. Note: 2.3 percent of the ballots cast were disqualified because they were left blank, were scribbled on, or both options were chosen. A total of 7,236,241 people voted, a whopping 97.3 percent of the 7,435,913 registered to vote. At no time afterward has such electoral interest been seen again.

Astonishment abroad was pronounced. Leftist propaganda had been employed for sixteen years, ubiquitously spreading the notion that military government was a relentless dictatorship that had no supporters. But it turned out that it had them indeed, although less than the number expected by the government, yet also much higher than expected abroad, where people had been barraged with biased information.

Delay of the Plebiscite's Results

The fact that the military government delayed releasing the final vote tally until two o'clock in the morning of October 6, 1988, was highly criticized. Meanwhile, "No" headquarters revealed the results earlier, albeit visibly exaggerated, attributing to themselves 62.65 percent of the vote. But there were reasons for the delay, as explained by former minister Alfonso Márquez de la Plata:

> At around 10 o'clock at night a high percentage of the male vote had come in, while the female vote returns did not represent more than 10%. A conflictive situation then arose. The voting tendency among men had been reversed at that time and their vote was more favorable to the "No" option… We must not forget that Jorge Alessandri lost the election at the male tables in 1958 even though he won the female ones by a significant margin, allowing him to make up the deficit and defeat Salvador Allende. Among men, Alessandri obtained 241,900 votes, surpassed by Allende's 259,049. But Allende achieved only 97,084 of women's votes, leaving 148,009 in favor of Alessandri. Because of that favorable difference he attained the Presidency of the Republic. I wondered what would have happened in the country's bigger cities if the eventual triumph of the "No" side was announced at 10 o'clock that night, and at two o'clock in the morning the information were to indicate that the "Yes" side was the winner, due to the fact that vote had followed the tendency of other elections, wherein women made the difference in the electoral picture?[26]

There had been speculation about a military contrivance that would have aimed to declare an emergency situation and thus have suspended the plebiscite. Just days before the election, at a reception at the American Embassy, Ambassador Harry Barnes approached me and said, holding a copy of my book *Yes or No*, which I had dedicated to him a year earlier (as a "friend," as we indeed were). He told me, "As your friend, I want to let you know that Monica Jimenez told me that General Sinclair told her that the Army

would halt the referendum." I replied that such a thing was impossible.

Years later, I talked to Monica Jimenez and General Sinclair, and the only detail I cleanly got out of them was that he had told her that there would be considerable security forces deployed to dispel attacks, which was justified since the night before the referendum Santiago suffered a blackout due to the destruction of high-voltage towers by FPMR strikes. She then suggested that fact to Harry Barnes, who then, to use an American term, jumped to the conclusion that the plebiscite would be suspended.

General Matthei, a member of the junta, when attending one of its meetings on the night of October 5 at La Moneda, anticipated that the "No" side had won, without waiting for the official results—based only on figures disclosed by the United Pact of Parties Favoring "No." His attitude lent itself to criticism since Pinochet had not yet determined that he would recognize the result of the plebiscite. But Matthei, in a letter to *El Mercurio* many years later (January 10, 2012), clarified that Pinochet never said anything of the sort, the same thing that interior minister Sergio Fernandez has always maintained.[27]

Some historian commented on Matthei's alleged disposition, which was made manifest when Minister Fernandez said that the election had been a victory for democratic institutionalism, that the "Yes" side had obtained a high vote count, and that a victory had been obtained in defending the path of transition. The historian assures that then the general asked: "Why, in that case, did he not bring champagne in order to celebrate the triumph?"[28]

The Truth Set Forth by Matthei

Nevertheless, in his explanatory letter to *El Mercurio* of January 10, 2012, about those events in 1988, General Matthei did not even mention the foregoing episode. He said, "A few days ago, allusion was made to me in a letter to this newspaper regarding the 1988 presidential plebiscite," adding thus:

I consider it my duty, for the first time in writing, to specify my position regarding this matter, which has given rise to certain versions that do not conform to historical truth.

I will reiterate here and now the five key points that define my position and that I expressed according to these same terms on March 4, 1991 in the official declaration of the Chilean Air Force pertaining to the *Report of the Truth and Reconciliation Commission*.

First, I shared then, and still continue to fully share, the ideals that inspired the military pronouncement of September 11, 1973, the inevitable consequence of a civil conflict taken to the extreme, in whose gestation and promotion the Armed Forces and security services had no participation or responsibility.

Second, I deeply regret, as I have always regretted, any loss of human life. The civilian and military victims of this unfortunate stage testify to the extreme sentiment of our consciences, along with the painful consequences that is caused within a nation that abandons the idea of coexistence governed by reason, which hence obliges the use of force.

Third, I am honored to have participated in the military government, as a minister and as a member of the governing *Junta*. The work accomplished by the Armed Forces will be judged by history and I am convinced that its evaluation will be positive.

Fourth, I firmly believe that we modernized our country from the bottom up, restoring its pride, and a greatness that opened up brilliant prospects for it.

Fifth, we scrupulously fulfilled our commitment to return to full democracy and to restore political, economic, and social freedom.

This last commitment was sealed on August 5, 1980 when we signed—i.e., the president of the Republic, the members of the governing *Junta*, and government ministers—the draft of a new Constitution. This fundamental charter contained, in its transitory articles, a mandate for the establishment, through a set of organic constitutional laws, the institutions

that would ensure that democracy would be at the service of freedom.

It also established a schedule, precise and unchangeable (by our will), for a gradual, legal, and peaceful transition to full democracy. This itinerary included a referendum to define who would occupy the post of president of the Republic in a later period.

The plebiscite was carried out in a fair, transparent, and impeccable manner. And its result—how could it be otherwise—was strictly honored by President Pinochet and the governing *Junta*.

I indicated that on that night of the plebiscite we had different opinions among ourselves about the best way to ensure public order, always within Constitution and lawful bounds. It is natural that diverse opinions existed at such a crucial moment and between people who had lived and acted under the exceptional circumstances that marked those times. That is how it was, and I believe that the moderation and wisdom of the Chilean people prevailed that night.

I assure my compatriots that there was never the slightest hesitation on the part of President Pinochet or of any member of the governing *Junta* to do anything other than respect the results of that plebiscite and thus strictly comply with what the Constitution itself had mandated and we had proposed to the country.

I respect, consider, and value different opinions about these very complex years—difficult and pregnant with the destiny of our country.

Yet, the facts are the facts, and I cannot but be loyal to my conscience and tell my truth. I owe it to the country that I adore and that has given so much to my family. I do it to be faithful to historical truth, the fundamental basis of

reconciliation, and the national unity we need to make of Chile a great nation.

Fernando Matthei Aubel
Retired Air Force General
Former member of the governing Junta of Chile[29]

Final Official Count Accepted

In fact, the third count officializing the victory of the "No" side was read by interior undersecretary Alberto Cardemil at 2:00 a.m. on the sixth. It was then ratified by the Interior Ministry at 2:38 a.m.

I had written the book *Yes or No* (1987), which fairly analyzed both alternatives and whose conclusion was coincident with the speech of Sergio Fernández entitled "Worthy of Champagne," according to what was attributed to Matthei, on the night of the defeat of the "Yes" side. If the Constitution was respected, nothing traumatic should happen, no matter which alternative triumphed. And so it was. The same thing was recognized by opposition leader Patricio Aylwin himself in the days following the plebiscite: "Frankly, I thought there would be more difficulties from the start. I feared that there would be some attempt to ignore the result."[30]

New Interior Minister and Other Changes

On October 21, 1988, an important change took place: the president accepted the resignation of his interior minister, Sergio Fernández, and appointed economist Carlos Cáceres, former finance minister (1983–1984) and former president of the Central Bank (1982–1983). He was as much akin to the UDI as his predecessor but was inclined, unlike Fernández, to negotiate constitutional reforms with the opposition.

The leader of the "hard" sector of the government, former justice minister Hugo Rosende, opposed any negotiation. (His name had been dropped as being the possible new interior minister, along with Cáceres.) Likewise, another minister, Sergio Melnick of Odeplan, also disagreed with the reforms. A reporter wrote thus:

> After he had heard from each of them, the general's doubts persisted. He opted for a military method: he gathered Cáceres and Rosende in his office, face-to-face.
>
> The Minister of the Interior suffered with the eloquence of his adversary, who exclaimed a terrifying point:
>
> With these people you cannot negotiate, President. They will not leave anything!—he bellowed—and you are going to be dragged down Alameda in a cage. Bear in mind, in a cage![31]

Historian Patricia Arancibia, in her book about Carlos Cáceres, described the oath of the new cabinet:

> A little later than expected, at 6:35 p.m., Pinochet administered the oath of office for the new cabinet. Along with Cáceres, Hernán Felipe Errázuriz took over in Foreign Affairs, Jaime de la Sotta in Agriculture, Pablo Baraona in Mining, Armando Álvarez in National Assets, Guillermo Arthur in Labor and Social Welfare, Carlos Silva in Transportation and Telecommunications, Gustavo Montero in Housing and Urbanism, and Miguel Ángel Poduje took charge of the General Secretariat of government. Remaining in their posts were Admiral Patricio Carvajal in Defense, Hernán Büchi at the Treasury, General Manuel Concha in Economics, Juan Antonio Guzmán in Education, Hugo Rosende in Justice, General Bruno Siebert in Public Works, Juan Giaconi in Health, and Segio Melnick in *Odeplan*. For his part, General Valenzuela would later be replaced by General Jorge Ballerino. Several of them would remain until the transfer of power took place in March 1990."[32]

Judicial Recognition

Despite the frequent criticism that the courts of justice did not operate independently under the military government, the opinion of the judges themselves was different. In May 1988, once Judge Luis Maldonado Boggiano assumed the role of chief justice, as president of the Supreme Court, after a long judicial career within all levels of

the hierarchy, he issued a general judgment: “The application of justice is good in Chile,” was his verdict.

He warned, when dealing with a country subject to permanent aggression by Marxist terrorists sponsored by Cuba and the USSR, that “the attributions of military justice are given in the law, and with regard to that we cannot do anything more; military justice exists in all the countries of the world, just as it does in Chile.”[33] When the biased 1991 Rettig Commission issued its judgments that went in the opposite direction of the one formulated in 1988 by the chief justice of the Supreme Court, it was the full Supreme Court that denied it, in categorical unison, with expressions condemning not only the report but also some rationale questioning the legality and constitutionality of the endeavor itself:

> The Commission (Rettig)—the Supreme Court said—did not hesitate to violate the scope of its attributions…it abusively exceeded the faculties that had been conferred on it…it resorted to a…malicious appointment (to the detriment of the courts) and, exceeding its powers, formulated a passionate, reckless and tendentious trial—the product of an irregular investigation and probable political prejudices.[34]

Advances in Health

Despite the personnel reductions required by the Economic Recovery Program of Minister Jorge Cauas in 1975, the improvement of management imposed by the military government in all sectors, and in particular in that of health, which tended to be very anarchic and colonized by extreme leftist parties, witnessed progress resulting in great social benefit.

Professional care for childbirth, which had improved from 72.1 percent to 85.1 percent between 1962 and 1973, reached 98.5 percent in 1988. Maternal mortality, which had fallen from 2.65 per thousand in 1967 to 1.53 per thousand in 1972, dropped to 0.41 per thousand in 1988. Infant mortality fell from 65.2 per thousand in 1974 to 18.8 per thousand in 1988. Deaths from diarrhea in children under one year of age, which was 2,368 in 1974, dropped to 134 in 1988.

People who died from tuberculosis fell from 1,952 in 1974 to 608 in 1988. Cases of advanced malnutrition in infants fell from 1,596 in 1976 to 110 in 1988. Urban drinking water had reached 68.6 percent of households in 1973 but increased to 98 percent in 1988. Solid waste collection service extended to only 60 percent of households in 1971 but ascended to 98.9 percent in 1988.[35]

The Reason for the Referendum Results

The polls indicated after the plebiscite that the reason the majority voted “No” had been poor economic conditions. Yet as will be seen in the figures cited below, the economy could hardly have been better. The publicity of the “No” side and the emphasis that opponents placed on the poverty of the 45 percent of the inhabitants likely had an effect. But all the economic signals were positive for Chileans’ pockets, so much so that the government was able to reduce the value added tax (VAT) from 20 percent to 16 percent.[36] Doing so was a direct injection into everyone’s pockets, but especially into those of the poorest, who proportionally pay more VAT than the rich, because they consume a greater proportion—if not all—of their income, while the wealthiest do not pay VAT on the income left unspent, saved, or invested.

Pinochet revealed that during the first semester of 1988 foreign investments had been authorized for 1.609 billion dollars, which represented an increase of 355 percent, compared to the first semester of the previous year, and spoke of the “greater horizons for development and progress, thanks to the freedom of entrepreneurial initiative.”[37] The fact was that I could write the following, without being contradicted, in my *El Mercurio* column of January 25, 1989:

> The Chilean economy grew 6.8% in 1988 (seventy percent more than the historical average). Inflation was at 12.7% (a fraction of the usual level). Real wages improved by more than seven percent, unemployment dropped to less than eight percent, foreign debt decreased again, and we accumulated reserves of more than seven hundred million dollars. What other country achieved all that in 1988?

Nobody named any. These figures indicate that the reason for the “Yes” side’s defeat in the plebiscite was not the one indicated by the majority of those polled in the polls, viz. “the bad economic situation.” Perhaps opponents had managed to convince a majority that things were bad, but such was hardly the case. In all the recent surveys that have asked a similar question, the percentage of people who say they are in a bad situation is much lower than those who say they believe that a bad situation generally dominates. Such a negative atmosphere is merely fabricated by the media.

Difficult Access to a Difficult Ministry

On October 21, 1988, Carlos Cáceres was in his office as dean of the business school of the Adolfo Ibáñez University when he was summoned to La Moneda by General Sergio Valenzuela, general secretary of the presidency. He told him that he would be appointed minister of the interior. But then he warned him that there would be no change yet in the Ministry of the Interior because the president did not want to give the impression that Fernandez “was being punished” as political leader, on account of the referendum loss. He would thus have to wait for a while because Fernández had told Pinochet that he was going to resign.

But while Cáceres complied, he did not do so without pulling any punches: “Without a doubt, the President is rightly grateful and does not want to hurt Fernández, but the problem is not one of personal feelings, but rather one of political clarity. People will not understand why he is leaving fifteen days later. It will only generate uncertainty and more confusion, when what is needed is to renew confidence.” The result: General Valenzuela called him again a short time later and told him, “Let’s forget what I just told you. The president awaits to swear you into office.” Cáceres appointed as his chief of staff a studious and dynamic young lawyer, Arturo Marín Vicuña; his undersecretary was lawyer Gonzalo García Balmaceda, who had been general secretary of the National Society of Agriculture.

Communist Assault on Los Queñes

As soon as he assumed office in 1988, the new interior minister, Carlos Cáceres, had to face a major guerrilla challenge when the communist armed wing assaulted the town of Los Queñes, in the mountains of the Seventh Region of Maule, killing carabinero Juvenal Vargas at the local police checkpoint and stealing the outpost's armaments and equipment. The head of the FPMR, Raul Pellegrin Friedman, headed the operation, accompanied by the "commander Tamara," Cecilia Magni Camino, who had participated actively in the attack on President Pinochet in 1986.

After the assault, the carabineros pursued the group of fifteen guerrillas, and the two previously mentioned were found dead, floating in the waters of the Tinguiririca River, which flows down the Andes through San Fernando and then north of Santa Cruz, in the Sixth Region, a couple hours south of Santiago. Twenty years later, leftist justice in Chile persecuted the carabineros who participated in the pursuit of the guerrillas, being liberated by a single judge's vote —that of a politically independent justice—from having been condemned for the deaths of Pellegrin and Magni.

The Most Important Mission

The new minister set himself on the mission of completing the still-missing constitutional organic laws, such as the one granting autonomy to the Central Bank, the others related to Congress, the electoral system, the national television council, the education council, and public enterprises. However, he later stated, "The second point, difficult and complex, precisely given the circumstances of life at that time, was to look for all possible means to achieve points of contact and channels of communication with the political parties, both with those of the opposition as well as those akin to the government." He concluded that it was, therefore, essential to make certain improvements to the Constitution.

In fact, the charter had two errors that might lead to serious political consequences in the future. The first was derived from article 68, whose literal tenor made it possible to enact a law that

only had the approval of one congressional chamber, making it possible to bypass the Senate, where institutional senators were to be a moderating factor in the whims of transitory majorities.

This error, stated Cáceres, was detected, paradoxically, not by a lawyer, but by an engineer, finance (treasury) minister Hernán Büchi. And it was derived from the fact that within the framework of the Ortúzar Commission, the House of Representatives was always conceived as the originating chamber for bills, while the Senate would merely review them. But the State Council stuck to the tradition that either chamber could originate a bill, without henceforth modifying article 68 and thus leading to the drawback (and danger) previously indicated.

The second error was that the most important chapters of the Constitution required a quorum of two-thirds to be modified, but the chapter about reform of the Constitution that established that special quorum was inadvertently not included among those requiring two-thirds and, consequently, could be modified with the quorum of only three-fifths. That is, in the end the entire Constitution could be modified with just three-fifths of the vote if the chapter about reform was not thus changed.

So thorough was Büchi's understanding of the constitutional issue that, in those days, when Carlos Cáceres asked me to collaborate in studying the reforms to the charter, and I made him see the weakness of the quorum regarding constitutional reform, he asked me to go to the treasury ministry in order to explain the matter to Büchi. I concurred and verified that he had overlooked that problem and that I had not noticed the one he had detected with article 68, wherein the Senate could be bypassed.

The existence of the two-thirds quorum omission for the chapter on reform was decisive also. In the aftermath, Pinochet had to be convinced to come to terms with the opposition in the sense of modifying the Constitution. He himself told me later that this finding had been decisive in persuading him and that, therefore, I would be responsible for any negative consequences coming from the reforms. But the task of negotiating them turned out to be a veritable obstacle course for Carlos Cáceres, who on more than one occasion nearly stumbled over some obstructions *en route,* as we shall see.

Advances and Setbacks

Pinochet did not want to change the Constitution. In the first meeting, wherein his new minister proposed the idea, his initial reaction was to reject it, but in the end, he conceded: “What do you think minister —while parting his index finger and thumb by a few millimeters—that we make a go for a little reform like that one?” Days before, the United Pact’s Concertación’s spokesman, Patricio Aylwin, had publicly called out the new minister:

> Minister, catch up to this moment in history; take concrete steps; look for solutions; seek paths of understanding; put an end to wartime logic...we said clearly that the implications of the “No’s” triumph is that there will be free elections for both President and Congress, fully elected by the people, and that requires changes to the Constitution.

However, the president invited Cáceres to a breakfast with justice minister Hugo Rosende, a great political orator, who spoke out against the reform. Cáceres was left with the impression that nothing else could be done, especially when, upon leaving the breakfast room located on the second floor of La Moneda, Rosende told him, “Carlos, come over to this window and look at the post that you see out there. From it they will hang you before me, and others will come to hang us all.”[38]

When I read that in the book about Cáceres by Patricia Arancibia, I could not help but remember the only person from whom I had heard a similar prophecy in the 1980s: historian Gonzalo Vial, who, in a luncheon for magazine groups *Portada* and *Qué Pasa* at the restaurant Carrousel, told a dozen journalists and lawyers gathered there, “When this government is finished they will hang us all from the posts of Constitution Plaza” (*la Plaza de la Constitución*).

When all of us who were gathered there were teenagers, a Bolivian president, Gualberto Villarroel, and all his closest collaborators had been hanged from the streetlights after a revolution in La Paz. For our generation it was a very vivid image, which remained with us. The Pinochet-run environment was against the idea of reform, notably Minister Rosende, along with his

counterpart, Sergio Melnick of Odeplan; Enrique Ortúzar, Jaime Guzmán, Sergio Fernández, Pablo Rodríguez, some military officers, such as the mayor of downtown Santiago, General Sergio Badiola, and the supporters of the administration that were forming the National Progress Party. But Cáceres had the support of Sergio Onofre Jarpa, president of the *RN*, while on behalf of Jaime Guzmán and the *UDI* he received only one assurance: they would not put any obstacles in his way.

But the opposition aspired to have the full election of the Congress under a proportional system, the reduction of exigencies needed to reform the Constitution, the repeal of Article 8, which outlawed totalitarian parties, the modification of the composition and functions of the National Security Council, and the repeal of the commanders in chief of the armed forces and the general director of carabineros as fixtures. The new minister addressed the country by national network on November 11, 1988, and there he mentioned that the Constitution could be perfected through the mechanisms that it itself had contemplated. But just days later in Punta Arenas, Pinochet read a script in which he rejected “any attempt to denaturalize, weaken, or ignore the Constitution.” His words were taken as a disavowal of Cáceres’s intentions.

But Cáceres, at the annual dinner of the Society for Manufacturing Development, before more than a thousand industrialists and guests —among them the president of the republic himself and members of the meeting—reiterated his willingness to find “amenable political avenues within the partisan spectrum.” As there were no adverse reactions, he was considered to have received the accolade he needed, and Aylwin, in representing the United Pact, indicated that they were willing to dialogue.

The Opposition’s Proposal

In synthesis, the opposition proposed that the government thusly reform the Constitution by providing

1. a modification of the constitutional reform mechanism, making it easier to accomplish;

2. a new composition and design of the House and the Senate, with 150 representatives and 65 senators respectively, elected under a proportional system;
3. the repeal of article 8, which outlawed totalitarian movements or parties but required all to respect the periodic renewal of power, changes in governments, human rights, and the rejection of violence;
4. an advisory and nonresolutive national security council with a different composition;
5. an end of the tenure of the commanders in chief and the general director, along with their designation coming from the president of the Republic; and
6. the repeal of the incompatibility between being a trade union leader and a member of a political party.

Politicians Prevent Progress toward Constitutional Reform

On December 1, 1988, the secretary general of RN, Andrés Allamand, brought a proposal from his party to Cáceres with respect to the constitutional reform. It was drafted by Carlos Reymond, Francisco Bulnes, and Miguel Luis Amunátegui. The minister immediately warned them that various elements would be unacceptable to the government. In turn, Arturo Marín, his chief of staff and in his representation, managed to get in touch with a constitutionalist, Christian Democrat Francisco Cumplido, who was close to Aylwin and willing to discuss the reforms.

But at the same time, Andrés Allamand for RN, and Gutenberg Martínez for the Christian Democrats, announced that they had agreed to form a commission, which would include other parties in the *Concertación*, in order to make constitutional changes under both the Pinochet government and afterward. A meeting of Aylwin and Jarpa was announced to seal the deal. But when Allamand called Cáceres a day earlier to reveal all the foregoing items, he replied, “Look, Andrés, if that document is signed, I will head right over to talk

to President Pinochet and this chapter of constitutional reform will be ended, whereby we will do absolutely nothing."

Therefore, there was no agreement between *RN* and Christian Democrats. Aylwin told the press that he had requested an audience with the minister to present the opposition's reform proposal. But he added that Enrique Silva Cimma, Ricardo Lagos, and Luis Maira would accompany him to La Moneda. The latter was the leader of a conglomerate being formed, called the Comprehensive Socialist Left Party (*Partido Amplio de Izquierda Socialista, PAIS*), which included the communists and other groups that did not accept the post-1973 political institutionalism and had thus opted for armed violence. The government, obviously, vetoed the presence of Maira. Doing so thwarted the meeting, and so the year went by without making progress on constitutional reform.[39]

Free Democratic Center

Shortly after the plebiscite and in the same sector where supporters of the military government were amassed, the Free Democratic Center was formed with the idea of creating a new instrumental and convergent political force among different right-wing groups. It was defined accordingly:

> The Free Democratic Center seeks to represent the thinking of those who believe in a free society. We aspire to unite the political and social forces that, sharing this project, are still influenced by divisions or classifications that correspond to issues of the past, which have already succumbed to the new reality.
>
> The board of directors of this new libertarian group was composed of Ignacio Pérez Walker, Álvaro Bardón, retired General Luis Danús, León Vilarín, among others…
>
> The political future of some of its leaders would be dissimilar. Pérez Walker would enter the *RN* and then be elected senator, while General Danús would try to do the same through the *UDI* but would lose in his attempt to reach the Senate as a parliamentarian representing Magallanes.[40]

Annual Economic Balance

The economic situation of the country was getting better all the time. GDP grew by 7.3 percent in 1988, and unemployment at the national level continued to fall, hitting 8.0 percent. Inflation did the same thing, which rarely occurs simultaneously.

Change in prices measured by the CPI fell to 12.7 percent, from 21.5 percent the previous year.

The fixed capital investment rate hit 20.8 percent. The fiscal budget deficit was only 1.5 percent of GDP, which was quite satisfactory by national standards. Foreign trade was favorable too, with the trade balance showing a surplus of 2.209 million dollars. Meanwhile, the current account of the balance of payments reduced its deficit to just one-third of that of the previous year: 231.2 million dollars. However, at the same time, the capital account's surplus fell from 890.2 to 353.7 million dollars. Correspondingly, foreign debt was also reduced to 17.638 million dollars.[41]

The gross international reserves of the Central Bank rose to 4.261 million dollars, i.e., 648.1 million dollars greater than that of the previous year.[42] The end of 1988s diligence thus painted an enviable picture within the international context. One might have thus thought that a government with such figures could not lose a referendum favoring its continuity, but that same year it in fact did so.

Chapter 17

1989: Constitutional Plebiscite and Elections

Summer Break

During January and February (Chilean summertime), no progress was made in the matter of the constitutional accords, but minister Cáceres was in charge of requesting legal briefs to determine the legal deadlines required for a plebiscite, as a constitutional reform would require, although it was not yet agreed upon. Among the supporters of the government there was presidential anxiety, and some ministers left people wondering whether Pinochet might be the candidate at the year-end election. A small party, almost unknown and newly formed, the Classically Liberal–Democrat Party, even formally advanced his name. Meanwhile, the presidential ambitions of former senator Sergio Diez, of the RN, had been made public. He began touring the country, while rumors proliferated that the popular finance minister Hernán Büchi would also enter the race. He seemed to be favored in the polls. Finally, former minister José Piñera also showed an interest in running.

At this point, the RN tended to be more inclined toward the opposition than toward the government, and on January 26 it formed a commission to discuss constitutional reforms with the United Pact. Its jurist representatives attending the meetings were Ricardo Rivadeneira, Carlos Reymond, José Luis Cea, and Óscar Godoy, while the United Pact would negotiate its side with Francisco Cumplido, Adolfo Veloso, Carlos Andrade, and Enrique Prieto, with Reymond and Cumplido serving as coordinators.[1]

Nevertheless, Minister Cáceres continued with his own reformist agenda, careful to maintain Pinochet's support (albeit not always sustained). The study of the legal deadlines involved in the

referendum pertaining to the reform and the subsequent plebiscite indicated that the event should occur no later than September 15, 1989, lest it interfere with the year-end elections of president and congressmen.

Taking the pulse of groups with political ambitions, Cáceres told the press that shortening the next presidential term from the eight years provided for in the Constitution to four was planned, given that the Christian Democrats wanted one of their own to be the first to occupy La Moneda after the military government and the symptoms indicating socialist and PPD ambitions, especially those of PPD founder Ricardo Lagos, could not withstand the eight years of a normal presidential term. Lagos, who was still good at threatening with his finger, avowed with a voice of thunder:

> We have to say to Mr. Cáceres and the people of other sectors that speak of reforms at the eleventh hour, that there will be no constitutional reform other than the restoration of the sovereignty of the people. Is Mr. Cáceres willing to use a referendum to reform that provision which indicates that the entire parliament will be elected and will have the normal constituent powers of a democracy? For the rest of the matters, do not worry Mr. Cáceres, because with a parliamentary majority we will be changing the Constitution.[2]

A Hard-to-Crack Pinochet

March 11 marked the eighth anniversary of the Constitution being in force, and Pinochet's presidential mandate was extended for one year as a result of the "No" side's triumph, according to the transitory articles of the charter. In the days just prior, the president was still receiving supporters of the *status quo* or "hard sector" of his government at both La Moneda and his home.

The presidential speech of the eleventh was going to be foundational, and Cáceres obtained the assurance that Pinochet would use it to announce the reforms. He did so citing some letters, quoting one that asseverated, "The propositions related to the eighth article…inasmuch as said precept is not intended to pursue ideas." Other issues cited included the repeal of presidential power (1) to

dissolve the House of Representatives one time, (2) to exile persons or prohibit their re-entry during a state of siege, (3) the parameters for admission of a new member to the National Security Council, and (4) a reduction of the first presidential term to four years.[3]

Minister Cáceres held meetings in successive days with Sergio Onofre Jarpa, president of RN, Patricio Aylwin of the Christian Democrats (already a presidential candidate), and Jaime Guzmán from the UDI. Statements continued to arrive from the hard sector of the government, being transmitted through ministers Melnick and Rosende, who did not view such negotiations auspiciously. Neither did they look favorably on Aylwin's attendance at the La Moneda Palace in order to negotiate terms, nor did they the presence of Ricardo Lagos, of the PPD, and Enrique Silva Cimma, of the Radical Party.

Poisoned Grapes

At that moment, one of the most suspicious maneuvers respecting the confused role that the United States of America played with respect to the military government took place. The US Food and Drug Administration (FDA) informed the Chilean government that twenty grams of red grapes received from our country contained traces of cyanide and that directives had been given that Chilean fruit exported to that northern country be removed from the shelves. That mere announcement was catastrophic for Chilean agriculture.

The Chilean interior minister thought, "Versions were even published, yet to be declassified, which indicated that the United States Embassy would have had prior knowledge of a draft of the March 11th speech, in which General Pinochet would announce a resounding 'no' to the constitutional reforms and that the grapes case had been its reason."[4] The episode had all the characteristics of typical American intelligence services intervention: *mistaken* (Pinochet was not going to make such an announcement), *clumsy* (the Chilean exporters moved nimbly and "convinced" the American unions to unload and distribute the grapes anyway), and *useful* to Soviet interests (an element of extreme Left had left its fingerprints in the first report regarding the poisoned grapes). In effect, the US

Embassy in Chile had received a call denouncing the fact, to which it granted great publicity.

In fact, shipments of grapes to the United States were interrupted for more than a week. Three hundred thousand boxes of fruits were destroyed, and the damage to national production was estimated at three hundred million dollars. Admiral José Toribio Merino said, “It is just one of the many things that the United States has done to us.” Housing minister Miguel Angel Poduje attributed the incident to the Communist Party—a most credible thesis. Congruently, author and former mining minister for the military government Jorge López Bain thus interpreted the facts, after having visited the United States and having conversed with several of its authorities:

> It would not be long before we reached the threshold of shamelessness when, in an attempt to destabilize the Chilean government, US Customs officials injected cyanide into a consignment of grapes destined for US markets, making Chilean producers and exporters appear responsible. Obviously, the mere announcement of having detected cyanide in the grapes produced the automatic closure of Chilean grape export markets. It took years to recover from the damage.[5]

Meetings and Conversations

After the grape tempest, not only did Jarpa and Aylwin end up going to La Moneda—the interview with Cáceres with them resulted in enormous journalistic expectations, albeit in the context of mutual gestures of chivalry and moderation—but also Enrique Silva Cimma, former comptroller and former minister of Allende, went for the Radical Party, as did former senator for the National Party Patricio Phillips, and lawyer Sergio Miranda Carrington for National Progress Party. Ricardo Lagos, by the way, did not ask for or receive an invitation from “Mr. Cáceres.”

The latter announced on March 20 that a technical commission would evaluate the reform proposals, “composed of Raúl Bertelsen, president of the study commission of the constitutional organic laws, Rafael Valdivieso, secretary of the State Council, Arturo Marín,

deputy secretary of the same council and the minister's chief of staff, and Hermógenes Pérez de Arce, member of the legislative committees of the governing *Junta*."[6]

At the same time, members of the RN–United Pact commission worked together with good results, reaching important consensus between them. At the beginning of April, after the RN commission had met four times with the technical commission appointed by the minister, and the latter commission had met twice with the United Pact commission, Carlos Cáceres had in his hands a draft of the reform and a prioritization of clauses to be modified.

Pinochet Produces a Surprise

On April 25, 1989, Pinochet bade Cáceres to attend teatime at La Moneda and, unexpectedly, in his presence, pointed out the proposed constitutional reforms one by one. The minister noticed that he was upset and, therefore, proposed that they meet again the following day—when he was in a better mood—and Pinochet accepted. They did so at eight in the morning. After an austere greeting, the minister told the president, "I note that you are taking a very different path than the one we had been talking about, so I want to tell you that I leave you free to act."

Pinochet interrupted him. "I am always free to act. I do not need you to give me permission. The one who makes governmental decisions here is me, and I really want you to leave your post. I only ask that you keep quiet about it for now and not to tell anyone, because I am looking over a new composition of the cabinet."

Afterward, already back in his office, Cáceres received a call bidding him to come to the cabinet council at noon. It proceeded normally and—given that the first one to speak on such occasions was the interior minister—he approached the country's situation without referring to the matter of the Constitution. Other ministers spoke, and before concluding the council meeting, the president said surprisingly, "I have asked for the interior minister's resignation, and in the next few days I will announce a new cabinet. I request that you all place your charges at my disposal, too." Then he got up and left.[7]

This action triggered a wave of resignations: Hernán Felipe Errázuriz (foreign affairs), Pablo Baraona (mining), General Enrique Seguel (who had replaced Büchi in Finance), Gonzalo García (Interior undersecretary), and the secretary general of the presidency's replacement, General Fernando Lyon. General Jorge Ballerino, despite being sick, took charge of telling the president that he considered his decision to be a serious error. Admiral Merino visited him and did the same.

Curiously, the fact was that when Cáceres arrived the following morning to the ministry to remove his personal effects and leave everything ready for his successor, Pinochet called and asked him to accompany him to the sixty-second anniversary of the carabineros ceremony, which implied confirming Cáceres as still being in office. Along the way, in view of this fact, Cáceres asked the president for authorization to publicize the government's official proposal for constitutional reforms, to which he replied: "Go ahead, minister, you will be remaining in charge of that directive."

Then, Cáceres announced via radio and television the next day, nineteen changes to the charter, seven of which were considered relevant.[8] But the opposition considered them to be insufficient and from that moment on was unleashed a period of marches, countermarches, announcements of "secret rules of accord" between the RN and the United Pact, generating irate meetings between them, wherein the main obstacle to an agreement was Lagos. He finally gave up, permitting Aylwin to call Cáceres and tell him, at two o'clock in the afternoon, May 31, 1989: "We have a green light, Minister."[9]

Over Fifty Reforms

When summarizing the most prominent changes among the fifty-four constitutional alterations that were introduced in 1989, almost nobody alludes to what seemed to me most important (the element that was analyzed in the previous chapter): the low three-fifths quorum required to modify the chapter on reform of the Constitution itself, which had established the two-thirds quorum needed for the other fundamental chapters. That omission would have allowed it to

be dismantled with only 60 percent of the parliamentarians voting to do so. Consider a typical version of those days, published with that omission.

> The main ones (modifications): to delete controversial Article 8 and also the incompatibility between holding trade union positions and political party membership; increase the number of senators popularly elected (from 26 to 38) and those coming from the Metropolitan Region (from two to four); not to provide the possibility of several designated (non-elected) Senate seats; a semantic change, albeit significant, introduced into the powers of the National Security Council, substituting the more threatening language “to represent” with the softer verbiage “to present its opinion;” equalize the number of civilian and military representatives—four and four—on that same council, incorporating the comptroller; to facilitate the reforms of the Constitution; to put an end to the executive’s power to disband the lower house—which the head of state could employ just once during his mandate; to decrease the presidential term to six years.[10]

On May 31, 1989, Pinochet announced the agreement. Shortly before, he invited his representatives who negotiated with the United Pact to a luncheon in La Moneda, among whom I remember Francisco Bulnes Ripamonti (who died prematurely before finishing the assignment), Raúl Bertelsen, Arturo Marín, and Rafael Valdivieso. After lunch, he approached me and told me with a tone somewhere between stern and joking, while pointing at me with his index finger, “You are responsible for what happens with these reforms.” That statement lacked explanation, but I attributed it to the fact that it was clear to him that it was important to raise the minimum quorum needed to modify the chapter entitled “Reform of the Constitution,” which had been left inadvertently low (i.e., at three-fifths) in the 1980 Constitution. The issue was one that I often pressed.

Massive Plebiscite

On July 30, 1989, the reforms were approved by 91.25 percent of the voters, versus 8.74 percent who voted against them—the latter coming in response to a call from the Communist Party, which was the only one to oppose them. A total of 7,082,079 people voted out of a population of 12,707,000. Abstention was just 6.5 percent. At that time, there was great interest in participating in elections.

The year 1989 was an important occasion in which the people, freely and voluntarily, ratified their support for the 1980 Constitution, which many critics point out as being “approved inside four walls.” The truth is that no other Constitution in Chilean history took so long to prepare (between 1973 and 1980, by a commission of jurists of different political tendencies), or so repeatedly and massively endorsed by the citizens like this one.

Of the fifty-four amendments, the main ones were: (1) deletion of article 8, which made antidemocratic movements unlawful; (2) deletion of the incompatibility between holding trade union positions simultaneously with political membership; (3) increasing the number of elected senators from twenty-six (two per region) to thirty-eight, wherein regions were split up (the Constitution contemplated nine appointed seats—a number that could vary according to the number of past presidents alive—the rest based on previous high-ranking positions); (3) designated Senate seats not being filled; (4) the Security Council no longer “representing” but rather only “making present” its arguments to other high authorities regarding the illegalities or unconstitutionalities of other higher authorities; (5) dividing evenly the number of civilians and military members of the Security Council, incorporating the comptroller general; (6) facilitating constitutional reforms; (7) deletion of the power of the president of the republic to dissolve the House of Representatives once during his term; and (8) a decrease in the length of the president’s term to six years, with the unusual exception of four years for the term beginning in 1990 (presumably due to Lagos impatience).

The government achieved two things: (1) the article on constitutional amendments required a two-thirds vote to be modified

(addressing an omission), and (2) the law of the armed forces would become organic constitutional in nature, whose modification would require four-sevenths of the votes rather than just a simple majority.

Logbook of Terrorism

The main source of fear and insecurity of Chileans in years prior, as in 1989, was extreme Left terrorism, generously financed by the Soviet sphere and Cuba. In the midst of the election year, the armed wing of the Communist Party, the FPMR, remained active. Meanwhile, its spokesman, Alex Vojcovich, was shacked up with Michelle Bachelet. (She was a former MIR aide, future minister of health and defense, and would twice be elected president of the republic.) Indeed, the election year and consensual constitutional reforms in no way diminished the terrorist action of the red party.

Its main leaders, among them Galvarino Apablaza, today a refugee in Argentina, had traveled to a celebratory event of the Sandinista revolution in Nicaragua in August 1989. Enrique Villanueva Molina was left in charge of FPMR, currently serving a probationary sentence in the Fifth Region. His sentence was reduced by the criminal branch of the Supreme Court from its original life imprisonment for his participation in the 1991 assassination of Senator Jaime Guzmán. He had also been implicated in the murder of that senator by his comrade frentista Ramiro (viz, Mauricio Hernández Norambuena). Villanueva, among his other decisions, authorized setting up the LAW rockets that were fired at Army helicopters at the Tobalaba airfield in eastern Santiago. When going to verify that installation on the night of August 20, 1989, the frentistas ran into Lieutenant Roberto Zegers Reed and a conscript, who were dismantling the rockets. Both were shot, and the lieutenant took nine .45-caliber slugs to his body, killing him, after he and the conscript had returned fire, killing frentista Roberto Nordenflycht, stepson of former communist senator Volodia Teitelboim.

Who today remembers Lieutenant Zegers, who fell while safeguarding the security in his homeland? Very few, if any. In contrast, homage was paid to Víctor Maturana Burgos, a former frentista from Temuco who was once a carabinero but was expelled

from the police force in 1969 for his ties to extremism. This tribute occurred with the acquiescence of the city's center-right mayor and council members from the right-wing parties UDI and RN. In the face of this odious disparity, one of Lieutenant Zegers's sisters raised her voice in protest to the local newspaper *Diario Austral* (*Southern Daily*) in Temuco, which was reproduced in the digital newspaper *Chile Informa* on February 25, 2017.

Terrorists Trained in the GDR

In his book about the STASI, East Germany's secret police force, John O. Koehler revealed that until 1989 and the fall of the GDR regime,

> few suspected that more than two hundred of the most dangerous (Chilean) terrorists had been trained by *STASI* specialists in East Germany. The last class graduated in August 1989, when the GDR was already on its way to disintegration. It seems that not all graduates of this last class of East German terrorism set up for Chilean extremists returned to their homeland. A Western European terrorism investigator told me, on condition of anonymity, that there were compelling indications that some of them had infiltrated the Basque separatist movement ETA, which had ravaged Spain for years. My requests for information from the Spanish Security Secretary were never answered.[11]

This threat was often not sufficiently considered as occurring within the context of the fight against subversive terror in Chile.

Election Year

As previously stated, in accordance with the transitory articles of the Constitution, in case the "Yes" side were defeated in the 1988 referendum, as it was, parliamentary and presidential elections were to take place in December 1989. The opposition had fielded their "natural candidate" in former senator and president of the Christian Democratic Party Patricio Aylwin, who had assumed its presidency,

finishing in the internal election ahead of his opponents, Gabriel Valdés Subercaseaux, Eduardo Frei Ruiz Tagle, and Andrés Zaldívar Larraín, none of whom were very happy about it.

Some initial polls pointed out, surprisingly, that there was a government figure who surpassed Aylwin and any other candidate in popularity: finance (treasury) minister Hernán Büchi. He was an unconventional and sympathetic character who had acquired international notoriety, so much so that the *New York Times* had described him as being "a mixture of leftist guerrilla and rockstar." In April 1989, Büchi resigned from his treasury post, declaring that he would begin "a period of reflection." He was replaced by his undersecretary, General Enrique Seguel, a soldier trained in business administration.

Without an explicit announcement, Büchi's campaign was considered to have begun with his permission. He began by conferring its management upon a "No" figure, Sebastián Piñera, who had a controversial business career and was sympathetic with the Christian Democrats. During the Christian Democratic presidential "rounds," he had worked to promote the candidacy of Eduardo Frei Ruiz-Tagle (the latter informational detail was personally told to me by Frei himself months later). Piñera had voted always "No" in the 1978 referendum, along with the 1980 and 1988 plebiscites. Ascanio Cavallo confirmed thus:

> Piñera spent his last Christian Democrat rounds by supporting Eduardo Frei in the internal party struggle of December, when he lost by the hand of Aylwin. He thought that this option would return the country to the 1960s (Aylwin would not forgive that judgment for a long time). Allamand perceived that it was his moment. Piñera represented the type of centrist that he would like to capture through his party's efforts: the Christian Democratic public that for twenty-five years had shunned the larger rightist majorities.[12]

Cáceres's cabinet strongly supported Büchi's nomination, and they let him know.

> Later some would regret in light of what they considered a "disloyal" attitude of the candidate toward the Pinochet administration. Büchi was forced by evidence from the polls to criticize the secret police, the human rights situation, the exile policy, the control exerted over the press, the permanent engagement of General Pinochet.[13]

One should not have been surprised, therefore, that Büchi soon stated that a "vital contradiction" between his own concept of existence and politics prevented him from being a candidate, leaving the government and governance in the greatest confusion.

The RN then announced the presidential candidacy of former interior minister Sergio Onofre Jarpa—who until 1973 had been senator and president of the National Party. Doing so provoked the UDI's rejection and, discreetly, the same reaction from the circle closest to the president. The most powerful businessmen, who were almost all supporters of the government, pointed out their skepticism about the candidacy of Jarpa, whose sympathies for the free market were lacking.

The Büchi Candidacy

Journalist and political analyst Ascanio Cavallo saw things this way regarding Büchi:

> Some small businessmen that nobody knew asked Büchi to be a candidate. One of them placed a minivan on the riverside (*costanera*) of downtown Santiago and, for several consecutive Saturdays, distributed thousands of stickers—made and financed by the merchant himself—with a simple and unforgettable slogan: "Büchi is the man."
>
> …In the dry tinder of a political Right recently impacted by its defeat in the plebiscite, the idea spread like wildfire, with both dull and uncertain force, but much more powerful than that of other self-financed men launched into the competition. Those men included former minister José Piñera, whose intellectual refinement proved insufficient fuel to constitute a libertarian party; Sergio Diez, who was weakly supported by

> former bosses of the extinct *PN* (National Party); and lawyer Pablo Rodríguez, a nationalist who managed to explore the validity of the "hard" vote for a few frustrating months.[14]

Opinion polls for months had shown that Büchi enjoyed great popularity. The leader of RN, Andrés Allamand, became an active promoter of the idea of his candidacy. Allamand had always gravitated toward the center, impelling a Christian Democrat's name to come to mind as being a possible Büchi campaign manager: Sebastián Piñera. Cavallo calibrated him well: "He is a bold man, who is not bothered by scruples. By family tradition, he has been close to the Christian Democratic Party and for the plebiscite was an unequivocal promoter of the 'No' side."[15]

Nevertheless, the cabinet that included Cáceres—of which Büchi was a part of himself being at the Treasury—strongly supported the nomination of the latter man, and that fact was made known. Yet later on, some regretted supporting him once the pre-candidate fell into utilizing some slogans of his adversaries.

Büchi could not have expected any other result since his campaign management was entrusted to Allamand and Piñera. At that point he could hardly help but begin to feel his conscience being pricked—a symptom of a vital contradiction, as he himself would call it and later on confess.

Piñera set up campaign headquarters in his Bancard offices. He was a figure without mental scruples. In their book about the transition, Ascanio Cavallo and Manuel Salazar state: "At the same time, he gave Büchi detailed instructions: once leaving the ministry you must travel by minibus (rather than by car)… You must then recount these travel plans to some of your journalistic friends who will be present (in a timely manner) to witness your circumstances as a simple, jovial, and sensitive man."[16] Cavallo captured some other details:

> In the weeks that followed, those instructions were repeated and took on a nightmarish aspect. Piñera and Allamand worked tirelessly preparing strategies, writing speeches, contacting people… But the "not-yet-candidate" was

> uncomfortable. “Hesitate, keep silent, leave.”… Allamand and Piñera made decisions without even consulting Büchi. They accepted a debate with Aylwin on TV, they arranged a meeting with Mario Vargas Llosa in Lima, they hired American publicist Mark Klugman to write his speeches, they shuttled him from one place to another. One of those days brought together several dozens of entrepreneurs willing to contribute financially to the cause. But the non-candidate disappeared.

A meeting between politicians and businessmen was prepared at the Center for Public Studies, but the candidate arrived hours later than he had agreed. When they beckoned for him, “as if relieving himself of an unbearable burden, Büchi said he would prefer to drop out of the race.”[17] In mid-May, Büchi went to visit Carlos Cáceres and told him about his decision. “He had the most absolute conviction—rational and visceral—that he was not the right person to be a candidate for anything and it would be impossible to convince him otherwise,” Cáceres recalled.[18]

A Stymied Late Entry

I myself was involved in the process, because my friend Máximo Silva Bafalluy, a prominent UDI member and former labor minister of the military government, assured me that if I had the support of Hernán Büchi and President Pinochet, the UDI would make me a presidential candidate. I had talked with Jaime Guzmán, who, albeit privately, did not express much enthusiasm for the idea yet stated publicly that mine was “a good name” to replace Büchi’s. Then I went to visit Büchi, who had already resigned. He received me at his home in Vitacura on a cold Sunday afternoon. His answer was evasive, although he let me know that I was on a short list of three names that he had been taking into consideration, the other two being Carlos Cáceres and José Piñera.

I myself thought, and I said so in interviews, that the best candidate to succeed him was Carlos Cáceres. Sergio Onofre Jarpa himself had offered it to him, but the then interior minister never

accepted. Later, driven by the dynamism of Máximo Silva, I asked President Pinochet for an audience. He granted me a noontime meeting at La Moneda. When he received me, I expressed my willingness to apply to replace Büchi as the candidate representative of his government, and I asked for his support. He answered me, and I repeat his comment verbatim: “Yes, I support you. But I cannot give you money.”

I was surprised, because I had not thought about that aspect, although probably “that” should have been one of the first things that I should have thought about. Soon the president stood up, finishing the interview, and, taking me by an arm, went to the door of the presidential office, where journalists had crowded around, and told them explicitly that he supported my presidential nomination.

The issue did not make headlines that day or even the next, which did not speak well of the press’s sympathies toward me or my chances of winning. It was very much secondary news. The only one who gave it any importance was Sergio Onofre Jarpa, who declared it to be very negative news for the unity among government supporters. However, the matter found a natural demise when Büchi announced in July that he was once again at the head of his campaign. Then all of us government supporters rallied behind him.

The Speech of August 23

When the president completed sixteen years as commander in chief, on August 16, 1989, the occasion arose to “reassure the troops,” because the nearness of a possible change of government had become evident in the public mind. The opposition candidacy of Aylwin had been behaving much more politically than the representatives of the ruling party and had consequently already surpassed Büchi in the polls. Hence, the presidential speech of August 23, 1989, had to contain careful or sensitive discourse and was thus delegated to an officer who had had a meteoric career, Brigadier General Jorge Ballerino Sanford, who would soon be promoted to the group of senior generals in October—less than two months later.

A vendetta of the opposition was feared among the officers, as the people of the extreme Left averse to the government were still attacking soldiers in the streets and their paramilitary cadres were still active. The speech of August 23 was to take charge of this situation, and when reading it, Pinochet expressed nine conditions stipulated by the armed forces: compliance with recognized constitutional functions, maintenance of the commanders in chief, respect for the National Security Council, upholding the prestige of the armed forces, prevention of the propagation of the doctrine of class struggle, continuing to combat terrorism, along with the two most crucial stipulations: honoring the Amnesty Law of 1978 and avoiding political intervention into anything involving internal structures, the budget, professional careers, and military justice.

While Pinochet was still commander in chief there was only one flagrant violation of those conditions: i.e., not respecting the Amnesty Law, wherein soon-to-be-president Aylwin—in an openly unconstitutional action—asked the Supreme Court to order the lower courts not to apply it until the definitive sentence had been handed down. In a letter dated March 4, 1991, he said, “My conscience would be bothered if I did not tell the honorable court that, in my opinion, the current amnesty, that the government respects, should not and must not be an obstacle for judicial investigation to be carried out and the corresponding guilt determined.” Doing so was contrary to the law and, specifically, to article 107 of the Code of Criminal Procedure, as will be seen below.

In 1998, after Pinochet had stepped down as commander in chief, some other conditions he had set forth were left unfulfilled. The prestige of the armed forces was not protected, the doctrine of class struggle was propagated, impunity was given to extreme Left terrorism, and the Amnesty Law was *de facto* repealed by judges, and retired military advisers were dismissed in the Defense Ministry for political reasons, especially during the first Piñera administration, 2010–2014.

In particular, Aylwin’s letter to the Supreme Court that was detrimental to the Amnesty Law and violated two of Pinochet’s conditions, as it implied an unconstitutional action, incompatible with article 73 of the Constitution, which expressly forbids the president

(and other authorities) “to take up pending cases,” that is, to try to determine how such causes must be ruled upon. It also contradicted article 107 of the Code of Criminal Procedure, which requires judges to immediately halt any proceedings pertaining to amnestied crimes, once the facts have been verified to be covered by the pardon.

Epilogue and “Mooring”

A step was taken by Pinochet on October 9, 1989, aimed at defending his military institution in case the government did not win the December 1989 election. He called for the immediate retirement of twelve generals, which, when added to the thirteen he had similarly called on to retire at the end of 1988, amounted to twenty-five of the fifty-three total members comprising the Army high command. Thus, they had to leave their institution. Nobody had remembered there being such an extensive shakeup of the upper level of command. The explanation given was that the Army structure would need to become more stable in the coming years. The new regime should resign itself to having a group of long-term generals.

The biggest surprise was the departure of Army Vice Commander Jorge Zincke Quiroz, nominated less than a year before. It was the first time that the second-in-charge lasted less than a year. The explanation why was discovered by an opposition analyst, journalist Ascanio Cavallo: Zincke insisted that Brigadier General Ramón Castro Ivanovic be placed under his command. He was general secretary of the Army for better than five years and had previously served as private secretary to General Pinochet. Too, he was a man of his absolute confidence, that did not recognize any other command besides the president’s—whose finances and family matters he had been in charge of. But Zincke “accused him, sent memorandums, raised protests; Castro remained unflinching.” And so Zincke left.[19] And he turned over his command in an unusually brief period: one day. His successor was Lieutenant General Jorge Lúcar.

Presidential Candidacies

A good review of the lively atmosphere that was unleashed before the 1989 election was undertaken by Gustavo Cuevas Farren in his book *Pinochet: Results of a Mission*. I summarize it below:

The first candidate was former senator Sergio Diez, who came from the conservative and national parties and had been a member of the constituent commission and former ambassador to the UN. He toured the country, but paradoxically, the RN never granted him an opportunity and the UDI, although looking upon him sympathetically, advanced the name of former representative Hermógenes Pérez de Arce. Therefore, Diez ended up dropping out, choosing instead to be a senatorial candidate, a position to which he was elected.

Another political sector that put forth a candidate early was the nationalist one, represented by the Southern Party and the National Progress Party. Lawyer Pablo Rodríguez Grez was declared as the candidate. Remarkably, Chilean nationalism echoed the Christian Democratic critique of the economic model, even taking it a step further. After some months campaigning, candidate Rodriguez dropped out, marking his retirement from politics.

As noted previously, in the circles closest to the government, the name of finance (treasury) minister Hernán Büchi was mentioned as a presidential possibility. He resigned from his post in the Ministry of Finance, as a clear sign that he would finally accept the candidacy. However, surprisingly, citing what he called “a vital contradiction,” he opted out in April 1989.

For this reason, the initiative was thrust back upon the sector’s parties. The RN announced the candidacy of Sergio Onofre Jarpa, and the UDI put forth the name of former representative, yours truly, Hermógenes Pérez de Arce. But neither of us managed to enthuse a significant number of people, so both precandidacies were withdrawn. Consequently, strong pressure was exerted on Büchi to reconsider his decision, which was signed and sealed in mid-1989, with him becoming the official and only postulant of the center right. He also donned support from the Radical Democrats and part of the National Party.

Meanwhile, at the beginning of 1989, a new political figure had emerged: independent entrepreneur Francisco Javier Errázuriz. He coined the adjective *center-center* and managed to unite a heterogeneous front. On the one hand, he received support from two pro-Pinochet political groups: the National Progress Party and the Southern Party. On the other hand, he attained support from two sectors that had previously been in the United Pact, the Chilean Socialist Party and the Liberal Party, adding some adherents of the National Party too.

For its part, the United Pact considered that it would need to face the presidential election in a unified manner. The Left within the United Pact was convinced that in these elections it could not nominate a man from its ranks, due to the traumatic ending of democracy under Salvador Allende being yet close in Chilean collective memory. For this reason, its possible candidates to be nominated were to be selected from among the Christian Democrats, the Radical Party, and independent personalities. Indeed, from these sectors would be nominated former senator Patricio Aylwin, former comptroller general of the republic Enrique Silva Cimma, and former state minister Alejandro Hales Jamarne.

Within the Christian Democrats themselves even more tension was found. Its national board asked United Pact spokesman Patricio Aylwin to run as a presidential candidate. The former senator declined the offer, arguing that there should be internal competition between all those who likewise had presidential ambitions, which were ultimately three: Aylwin himself, Gabriel Valdés Subercaseaux, and Eduardo Frei Ruiz-Tagle. Aylwin represented the line that led the party to participate according to the institutional system developed by the Pinochet government. Gabriel Valdés represented a harder line, by his trajectory exhibiting himself as a clear opposition leader. Eduardo Frei Ruiz-Tagle, could be explained as follows: “It would seem that the ideologies presented recently are the same as those held fifteen, twenty, or twenty-five years ago. Accordingly, the time has come to make a clean break with such schemes.”

Aylwin, in the internal fight, exhibited previously unknown traits, especially seen in the undermining of his opponents. Regarding Gabriel Valdés, he was blunt: “His name provokes rejection in the

middle sectors of the country...and his candidacy would place us in serious danger of the opposition possibility of winning." Regarding Eduardo Frei Ruiz-Tagle: "He benefits from the popularity that still remains—with good reason—from the name of his father, but I think that popularity is not enough to ensure that a wide support can be fundamentally built on that base alone."

Meanwhile, the Christian Democratic Party was slated to elect a new national board that would in turn be in charge of announcing the party's eventual candidate. The different candidates submitted their own board member choices, discovering some adulterations in the internal vote tally sheets while doing so. Yet former senator Aylwin's pull had been well-known ever since the "No" side's referendum victory. He said, "No one can argue that these irregularities have come from any single sector."

Such being the case, Eduardo Frei was the first to resign his candidacy. Shortly thereafter Gabriel Valdés would do the same. Thus, when February 4, 1989, arrived, the board met and, with Aylwin alone remaining as a pre-candidate, as soon as the meeting started Ricardo Hormazábal (on behalf of Valdés' backers) and Alejandro Foxley (on behalf of Eduardo Frei's backers), called for a consensus decision to back Aylwin, which was ratified by acclamation.

Another party that also advanced a presidential candidate was the Radical Party, appointing the president of the group, Enrique Silva Cimma, who would affirm shortly thereafter: "My candidacy is not up for debate... There is only one limitation to this approach: that the interest of the whole determines that the candidate named must be another man." Likewise, the Social Democratic Party announced lawyer Eugenio Velasco Letelier as its candidate and the Socialist Party—Almeyda decided to support an independent: Alejandro Hales Jamarne. But his candidacy never took off. Enrique Silva Cimma ended up dropping out, as did Eugenio Velasco. In short, Patricio Aylwin would be the nominee of the United Pact (Concertación por la Democracia) and would thus face off against the other two candidates defined in the election, i.e., Hernán Büchi for the center right and centrist Francisco Javier Errázuriz.[20]

Agreement Regarding the Central Bank

Interior minister Carlos Cáceres, who had been president of the Central Bank and finance (treasury) minister during the early 1980s, was convinced that the government's idea to institute the autonomy of the Central Bank should be implemented. Doing so would provide the best guarantee that conditions would not again be generated that had previously led the country into suffering the highest inflation rates in the world. Such adversity had been the result of placing the Central Bank under political governance that resorted to monetary emission in order to cover fiscal deficits derived from political demagoguery. The 1980 Constitution established such autonomy and designated the money-issuing body as an autonomous institution, having its own assets and run according to technical methods.

Convinced of the need to establish such principles well, whatever the result of the presidential elections, Cáceres had the mettle to devise an agreement with the opposition so that economists having a leftist perspective would serve on the Central Bank's board. Courage was required because Pinochet considered it to be a concession. Indeed, the government could have proceeded to appoint all the directors, but doing so would have widened the margin of potential criticism and resulting instability should the opposition triumph in the election.

Cáceres then called Aylwin, who, being a candidate, was surprised at the proposal and finally delegated the issue to economist Alejandro Foxley. He negotiated with Cáceres in the midst of great reservations, while having to handle internal aspirations popping up within the United Pact too. For example, the socialists aspired to have a representative on the board, but that idea alone provoked the junta's rejection, particularly from Admiral Merino.

Finally, on behalf of the government, the names of General Manuel Concha, undersecretary of finance, and Alfonso Serrano, economist and vice president of the Central Bank, were agreed upon by the government. The United Pact suggested appointing PPD economist Juan Eduardo Herrera and academic and international official Roberto Zahler. For president, agreement was reached on the name

of economist Andrés Bianchi, who was the deputy executive secretary of CEPAL and maintained an objective attitude when it came to political issues. The agreement was reached on December 4, 1989, a few days before the presidential election, and was meant to provide a so-called state solution to a crucial issue, in order to ensure the country's future economic health. Doing so was an important achievement of Cáceres.[21]

Triumph of the United Pact

The United Pact of Parties Favoring "No" (Concertación de Partidos por el No) had morphed into the United Pact for Democracy (Concertación de Partidos por la Democracia). Upon being selected, its presidential candidate, Patricio Aylwin, leader of the Christian Democratic Party, went on to be the front-runner at the polls, wherein Büchi had previously surpassed him. And the parties of the United Pact, Christian Democrats, socialists, and radicals agreed to go with a single parliamentary list of candidates. The RN and UDI did so, too, after arduous negotiation.

In short, the most extreme left-wing groups, led by the Communist Party, constituted another pact, the PAIS (Partido Amplio de Izquierda Socialista), the avant-garde of the Socialist Left Party, in view of the fact that the Christian Democrats were not yet ready to provide the red collectivists with parliamentary access. At that time, a young Michelle Bachelet, who, under the military government, had collaborated with the MIR and lived together with Alex Voicovich, communist FPMR spokesperson during the 1980s, belonged to the PAIS.[22]

Under the influence of Piñera, Büchi wanted to separate his ideas from those of the military government. The latter had started his campaign not only by appointing as leader of it someone sympathetic with the Christian Democrats and coming from the "No" side, but also by visiting the human rights commission, presided over by Christian Democrat Jaime Castillo and, in addition, by declaring that, if elected president, he would prefer not to have General Pinochet as commander in chief of the Army. Upon hearing it, "the captain general exploded: 'Notice that I, being the so-called dictator

that they say that I am, cannot ask Merino, Matthei, or Stange to resign from the junta, because the Constitution forbids me doing so. Yet these gentlemen, who have not yet attained power, already want me to resign!'"[23] This posturing strengthened third candidate, also a military government supporter, businessman Francisco Javier Errázuriz, who had founded a party called the Center-Center Union.

Patricio Bañados, the well-known, official speaker of the opposition's television propaganda space prior to the election, who had played the same role during the 1988 plebiscite campaign, remarked in his appearances that nothing would change radically in Chile if the center left candidate were to win and that only negative things would be done away with. People believed him, because for a time he had been the face of National Television, i.e., the military government's channel. Likewise, he had been the face of the news program of the no-less-government channel run by the University of Chile. That reassurance pulled votes away from the "Yes" side to Aylwin.

After the votes were counted, the final results gave 55.2 percent to Aylwin, 29.4 percent to Büchi, and 15.4 percent to Errázuriz, basically approximating the results of the referendum of 1988, but this time with the votes in favor of the government divided between two candidates. In congressional elections, the United Pact won seventy-two of the 120 representatives (60 percent) and the pro-military government coalition, Democracy and Progress, the remaining 48 (40 percent). That is, the results debunked the United Pact's thesis that the binominal electoral system was designed to favor the minority. In the Senate, thanks to the nine appointed senators established by the Constitution, plus the twelve senators from RN and three more from the UDI, along with another independent one from the political right, the heirs of the "Yes" side got twenty-five votes, enjoying a majority over the twenty-three that the United Pact managed to attain.

Former Officials Elected as Parliamentarians

Open parliamentary and presidential elections were held in late 1989, the first ones in almost twenty and seventeen years,

respectively. They captivated the country's interest—and in no small measure, that of the rest of the world—during the remainder of the year. Indeed, numerous officials and representatives of the military government were popularly elected as parliamentarians.

Senators included Ignacio Pérez Walker, former member of the Economic and Social Council; Alberto Cooper, a former mayor from the Fourth Region; Beltrán Urenda, former president of the Economic and Social Council; Jaime Guzmán, former member of the Study Commission of the New Constitution and the Study Commission of the Constitutional Organic Laws and presidential adviser; Mario Ríos, former undersecretary general of the government; Sergio Onofre Jarpa, former minister of the interior; Eugenio Cantuarias, former mayor of Talcahuano; Francisco Prat, former governor of the Ninth Region; Sergio Diez, former member of the Study Commission of the New Constitution and former ambassador to the UN; and retired general Bruno Siebert, former minister of public works. Representatives included former mayoral appointees María Angélica Cristi, Patricio Melero, Víctor Pérez, Francisco Bartolucci, Arturo Longton, Carlos Bombal, and Hugo Álamos and former state councilor Juan Antonio Coloma.

Pinochet–Aylwin Interview

In the midst of great expectations, Aylwin arrived at La Moneda on December 21, and as his communication team had suggested, he greeted President Pinochet in a cold and serious manner, as a result of which Pinochet firmly held on to the president-elect's hand, bothering him. But once the journalists and photographers had withdrawn, as is usual in politics, the conversation between them was fluid and open.

Aylwin requested two specific things: to review the laws that were being drafted, before being approved by the junta, and that Pinochet leave him free to choose who would be commander in chief of the Army. But he refused to do so and in a somewhat-sarcastic tone replied, "So, you want me to step down as commander in chief? The best guarantee for the stability of your government is for me to remain in charge."[24]

Alan García, Again

The sayings and initiatives of the Peruvian president during 1989 caused renewed conflicts with the Chilean government. In his meeting with Bolivian president Jaime Paz Zamora in September, on Lake Titicaca, he supported Bolivian “aspirations” to attain access to the sea. Such aspirations implied, naturally, the cession of Chilean territory and maritime rights. However, García recognized the validity of the treaties in force, while Bolivia alleged that the one signed with Chile in 1904 was null and void.

Chilean foreign minister Hernán Felipe Errázuriz briefed the president that Garcia’s statements did not represent the feelings of the Peruvian diplomatic authorities, public opinion, or armed forces. They all were opposed to the country’s prevalent nationalist spirit. There was a “gentlemen’s agreement” between Chile and Peru in the sense that any declaration regarding Bolivian maritime aspirations by one party would have to first be brought to the attention of the other party. Despite García’s breach, the Chilean foreign ministry soon after considered the adverse circumstances caused by the Peruvian president’s statements to be terminated.[25]

Annual Economic Results

The Chilean miracle was already being talked about throughout the world, and the country in 1989 led Latin America in many respects. In 1989, GDP grew at an unprecedented rate, 10.6 percent, a figure expected more from “Asian tiger” countries than those in our hemisphere. Unemployment continued to decline, to 7.1 percent annually on average, and even got close to 5 percent in January 1990, according to the Central Bank’s figures. Inflation, it is true, rose again, from 12.7 percent in 1988 to 21.4 percent. That fact was a setback, explained by the monetary expansion imposed during the election year. But the fixed capital investment rate jumped to 24.5 percent of the GDP, a figure that would only very rarely be reached again later on yet served as a harbinger of very positive growth years to come.

The budget deficit increased, but only to a very prudent figure of 2.5 percent of GDP. Foreign accounts were also positive. The trade balance again showed a surplus of 1.483 million dollars. However, the current account's deficit increased to 689.9 million dollars, almost triple the previous year's. Offsetting this result, the capital account more than doubled its surplus to 723.1 million dollars. In addition, foreign debt fell to 16.232 million dollars, almost 1.4 billion less than the previous year's.[26] Gross international reserves of the Central Bank increased to 4,762.3 million dollars, that is, they rose by 501.1 million dollars compared to the end of the previous year.[27]

That last full year of the military government verified and underscored the fact that there were reasons the rest of the world was speaking about a "Chilean miracle." It justified, from an economic point of view, the *Mission Accomplished Medal* that ministers and senior civil and uniformed commanders would receive from the president next year (after they had left the government).

Chapter 18

1990: Mission Accomplished

Mooring Laws

Many questions were asked about the laws passed under the military government during 1990, just before leaving office on the date designated (March 11, 1990). According to a scholar close to the Christian Democrats, Carlos Huneeus, out of the 2,126 laws passed by the junta and the government after the 1988 plebiscite, 69 might be considered to be “mooring” ones, i.e., destined to stop possible changes that the United Pact for Democracy would likely pass during its potential future government.

For example, it was agreed to raise the level of the Statute of the Armed Forces to being constitutional organic law, which required a higher congressional quorum to modify. Moreover, in February 1990, law no. 18,948 was enacted, which set a floor for military spending—viz, it could not be lower than it was in 1989—plus annual inflation adjustments. That guarantee was later applied to the carabineros, too, by law no. 18,961 (March 7, 1990). In order to tie up some loose ends, it was necessary to issue two more laws, numbered 18,967 and 18,973, on the day before transferring power.

Constitutional organic law no. 18,840, pertaining to the Central Bank, was also enacted, ratifying its autonomy vis-à-vis any other authority already established in the Constitution. Too, without any specific decree, pending privatizations were administratively accelerated for LAN airline, the telephone company, the national communications company (Entel), the state insurance institute, and electric companies Endesa and Pehuenche, along with the regional electric companies located in Arica, Antofagasta, Iquique, and Magallanes (Punta Arenas).

Unfounded Accusation

After the attacks on New York's Twin Towers in 2001, the so-called Patriot Act was enacted in the United States, among other things, to facilitate the investigation of current checking accounts in order to discover remittances destined for terrorists, such as those of al-Qaeda. As the parasitic Left everywhere is more interested in its own interests than in those of its respective host country, the most bitter American adversaries of the Chilean military government used those extraordinary powers to investigate other people's bank accounts and to find out if the members of the Chilean military government had funds in the United States. Thus, they discovered that there were funds in Riggs Bank, with accounts under the name of General Pinochet and his immediate family or persons otherwise related to him. This led to the opening of one of the most extensive investigations that can be recalled in Chile, both judicially and administratively, to determine the assets of the former president.

In order to undertake this effort, which would involve an examination covering his governance between 1973 and 1990, it is worth mentioning that a careful study of the income and expenses of President Pinochet during those years was conducted by the Internal Revenue Service. Without conferring on him the right to reply to the findings, it was determined as fact that during the sixteen and one-half years in which Pinochet was head of state, the total amount that the socialist director of internal revenue could justify as expenses beyond his legal income was 544,000 dollars, for all those years. The detailed accounting was published in the newspaper *La Tercera* and has never been refuted.[1]

Bearing in mind that the leaders of the United Pact, from the government of Patricio Aylwin onward, supplemented their legal remuneration with envelopes stuffed with cash—in order to cover expenses of the president and his cabinet ("It was corruption," acknowledged Aylwin in an interview with *El Mercurio*)—which amounted to raking in more than 500,000 dollars every two months, i.e., almost the same as Pinochet was accused of having done in sixteen and one-half years, one can plainly see the absurdity of the accusation of illicit enrichment raised against him.

Those calculations rendered by the socialist director of internal revenue showed that, under the military government, there was no justification for supposing that its main exponent could have amassed a fortune. Given that the issue of Pinochet's money has been used as a main tool to denigrate him, even more than the issue of human rights, this book's appendix publishes a complete analysis of it.

More Than What Historically Would Have Taken Fifty Years to Achieve

In social aspects, there was great progress derived from the military revolution, which has largely been unknown or not divulged. In a study by the former undersecretary of health between 1974 and 1990, Dr. Augusto Schuster Cortés, progress in the medical sector between those years was quite evident, with new medical facilities having emerged in sixteen years in quantities similar to what normally was achieved over fifty years: 117 hospitals, 196 medical consultancies, and 374 rural clinics. The number of doctors increased by 1,743, and that of other health professionals by 1,209.[2]

As a result of erroneous publications regarding the population's health situation in 1991, retired General Bruno Siebert, former public works minister of the military government, could irrefutably write his recollections in the following letter to the newspaper *El Mercurio* in Santiago:

> The coverage of urban drinking water in the country, which reached 68.6% of the population in 1973, had reached 98.5% by 1989. The coverage of rural drinking water, which only reached 34.8% of the population in 1973, had risen to 77.0% by 1989. Sewer system access, which reached 36.5% of the country's inhabitants in 1973, hit 82.9% in 1989.[3]

These, like other social achievements of the military revolution, were obtained despite the limited resources imposed by successive crises (e.g., the economic ruin bequeathed by the Popular Unity government of Allende, the oil crisis unleashed at the end of 1973,

and the 1982 debt crisis). Much thanks go to a smaller bureaucracy than in the past and better management, despite having fewer public resources to work with.

The Revolution in Efficiency

There were numerous reasons that explained Chilean progress between 1973 and 1990, wherein the country moved from the back of the lineup of underdeveloped countries to become Latin America's leader. One of them was that numerous "cleanup" (*rastrillo*) laws were issued under the military government. Throughout its workings had been eliminated obstacles to the freedom to start up a business, work, and contract in Chile.

Already at the beginning of the administration, in January 1974, the paradoxical prohibition against planting new vineyards in the country had been repealed, the wine grape being one of Chile's greatest sources of future wealth. Certainly, the influence of already-established producers, eager to protect themselves from competition, had achieved that monopoly protection under previous governments.

As part of the economic modernization, "in 1979 the process began by approving Decree No. 2,950 that repealed the obligation to obtain a professional license to carry on a business activity, often delivered by the unions after completing an onerous course, in order to hinder competition. Repeal of decrees and laws, opening up industries,"[1] including the following occupations:

No. 9,613	1967	Hairdressers
No. 14,890	1962	Hoteliers, slaughterers, meat cutters, and [meatpackers] (law)
No. 613	1963	Orchestral musicians
No. 278	1970	Meat roasters and delicatessen workers
No. 288	1971	Vendors of wine and similar lines

No. 888	1975	Operators and elevators
No. 843	1966	Actors and artists
No. 597	1967	Parquet floorers and polishers
No. 1,005	1967	Broadcasters
No. 797	1967	Drivers of collective taxis and buses
No. 8	1969	Graphic artists
No. 197	1970	Electricians
No. 383	1970	Truck loaders and unloaders
No. 448	1970	Film and public entertainment controllers
No. 332	1971	Bakers
No. 1,416	1972	Cinematographic technicians

Laws:

No. 17,772	1973	Cinematographers
No. 16,724	1969	Registration of maritime and port workers
No. 17,260	1969	Assistant employees of customs agents

“Weeding the playing field”: Legal regulations (repealed by Decree No. 18,018 [1981]) that had previously permitted intervention into the remuneration and working conditions of [certain] groups of workers.

No. 17,077	[1969]	Obligation to radio stations to maintain journalists hired by the company
No. 17,255	[1969]	Control of movie theater operator remuneration
No. 6,242	[1938]	Personal drivers stationed at people’s homes

No. 14,837	1971	Remuneration of journalists
No. 17,115	[1969]	Minimum wage for pharmacy employees
No. 17,570	[1971]	Special privileges for notary employees
DL No. 572	1974	Drivers of collective vehicles
No. 5,181	[1933]	Oil workers special compensation
No. 6,192	[1938]	Special indemnification for journalists
No. 6,686	[1940]	Workers compensation for railroad workers
No. 16,617	[1967]	Compensation for copper workers
No. 17,400	[1971]	Compensation for iron workers
No. 9,588	[1950]	Commissions for outside salesmen
No. 7,388	[1942]	Tips for waiters and chamber maids
No. 9,613	[1950]	Hairdressers [and barbers]
DFL No. 4	1959	Bakers

End to salary intervention:

No. 18,018	[1981]	Repealed legislation that obliged the state to intervene in the negotiation of wages and working conditions of workers through “tripartite commissions” by industry.
No. 983	1974	Construction workers
No. 895	1974	Pasta makers
No. 889	1974	Graphic artists
No. 34	1977	Launderers
No. 136	1976	Grinders
No. 212	1975	Industrial assemblers
No. 890	1974	Paper plant workers
No. 892	1974	Textile workers

No. 99	1978	Fishermen
No. 115	1975	Bankers
No. 28	1976	Urban and interurban transporters
No. 894	1974	Assembly and maintenance of elevators workers
No. 891	1974	Lubricants and fuel workers
No. 126	1975	Workers of clothing manufacturers
No. 135	1976	Crystal [fine glass] workers and glaziers
No. 115	1976	Pharmaceutical laboratory employees
No. 155	1975	Collective transporters
No. 297	1977	Longshoremen
No. 297	1977	Merchant marine workers[4]

These measures freed the economy from many burdens—some consecrated in the first years of the military government itself—that had theretofore prevented the country from being more efficient. Privatizations, private health care, private social benefits, and liberalizing "cleanup" legislation were a great boost to the freedom of initiative and choices for Chileans. These things stood at the base of the "miracle" that later on would be spoken of throughout the rest of the world.

Thatcher and Reagan Came Later

The liberating military revolution had a profound international influence not only on the economy but also on Chile's political scenario. Consider an example of the former, in the words of former minister José Piñera:

> Historian Niall Ferguson wrote in his worldwide bestseller *The Ascent of Money*[2] that this structural reform (of the pension system in Chile) was "the most profound challenge to the welfare state in a generation. Thatcher and Reagan came later. The backlash against welfare started in Chile."[5]

But the work of the military government is nearly without defenders in the face of public opinion. Not even uniformed personnel seem to be allowed defend it. On the occasion of the death of General Augusto Pinochet in December 2006, General Ricardo Heargreaves,

in active service, told the press, “He was our undisputed leader for a long time. He was able to take charge when the country was convulsed and collapsed.” He was immediately marginalized from the Army, and his career was cut short.[6]

Any discussion about the military government is over as soon as it starts, with the succinct accusation regarding “torture and violations of human rights” and false accusations of corruption against Pinochet, as detailed in the appendix. That offensive lineup seems to leave no ground for any possible defense. Pinochet is said to have practiced torture and murder and that he profited from such things, without citing any evidence, and that has been enough to condemn him. Let us examine what happened through looking at the facts.

Recap Regarding Torture

It is commonly forgotten that, up through 1973, torture was widely practiced in Chile. Could it end instantaneously on September 11, 1973, when there were communist guerrillas on the loose and subversive challenges, the likes of which had never been seen before? Even Gonzalo Vial Correa, a distinguished journalist and historian, found it ironic that in 1971, under the Popular Unity government of Allende, *legalizing* torture had been recommended. Everyone tacitly accepted it when it was used against their political opponents, only criticizing it when it negatively affected those on their own side.[7]

On August 8, 1970, the leftist magazine *Punto Final* published an extensive account of the tortures suffered by leftist people during the government of Frei Montalva (1964–1970), as outlined in a brief submitted to the Supreme Court by lawyers at that time. Among them were such distinguished criminal lawyers and law professors as Eduardo Novoa, Álvaro Bunster, Aníbal Bascuñán, Eduardo Long Alessandri, and Ricardo Lagos, then secretary general of the University of Chile and later president of the republic. That seventy-one-page letter was accompanied by sixty-six documents containing manuscripts with victims’ accounts of torture and flogging, as well as photographs and tape recordings, alleging six homicides committed by the police, seventeen cases of torture, physical, and moral

harassment, three illegal raids, and numerous cases of unnecessary violence.

To the complaint was added that French professor Benjamín Fabre had been subjected to police abuse, suffering a ruptured tympanum as a result, after which the government of Frei Montalva had expelled him from the country—without the French government bothering to protest or ask for an investigation. The legal brief for the Left "had begun with the letter-complaint of Professor Magaly Honorato, who committed suicide after writing it in 1965, having lost hope after the torture that was applied to her while being held captive by the Investigative Police—*PDI*."[8]

Torture "Under Democracy"

When a right-wing plot to prevent Allende's access to power took place in 1970, those accused of conspiring to, and then assassinating, the commander in chief of the Army, René Schneider, were also systematically tortured in order to extract information. The perpetrators of the torture were investigative police detectives, despite the fact that the service had been called upon precisely because of the plot that led to the death of Schneider, proceeding under the direction of an impeccable and distinguished military officer. After that, torture under the Popular Unity government became a pervasive evil, so much so that the proclamation of the House of Representatives on August 22, 1973, that called on the military to intervene and overthrow Allende said this textually:

> 10) That among the constant abuses of the government against the guarantees and fundamental rights established in the Constitution, the following can be highlighted:
> G) It (Allende's regime) has undertaken frequent illegal detentions for political reasons, in addition to those already mentioned relating to journalists, and has tolerated that the victims were often subjected to floggings and torture.[9]

Note that the Popular Unity government did not have to confront armed subversive groups that were committing systematic attacks, which would have explained such heightened interrogations. On the

contrary, the subversive groups were precisely his supporters. That was why torture was reserved for mere political opponents, as the House declaration denounced, which included two congressional representatives from the National Party, Maximiano Errázuriz and Juan Luis Ossa.

The latter man reported the torture in the newspaper *El Mercurio*, fingering his main interrogator as being deputy director of the investigative police under Allende, communist militant Carlos Toro, who was not even removed from office after the complaint, nor did he sue Ossa for slander as a result of the same. In *El Mercurio* (Santiago) on January 20, 1972, the opposition group, the National Party, publicly testified about the use of torture by electricity suffered by a vice president of that group, the aforementioned Juan Luis Ossa, while the communist deputy director of the investigative police was present. Paradoxically, the effective and successful judicial investigation of allegations of torture was carried out *for the first time in Chile* under the military government, and in the most well-known case it led to a ten-year prison sentence for its instigator, an Army officer.

The most publicized version of the case stated that the tortured man was “Christian democratic transporter” Mario Fernández, who, when he was arrested, was beaten by agents of the CNI and lost his life due to the mistreatment he received. However, the full truth was that Fernández worked for the *FPMR* communist guerrilla group, as his boss Sergio Buschmann has acknowledged. While Fernandez was in CNI custody, he was beaten in order to compel him to cough up information. Given that his condition grew serious after being punched in the thorax, he was taken by security agents to a hospital, where he died due to trauma suffered to his abdominal wall. Previously (1980), several plainclothes police officers had been sentenced to prison following the postinterrogation death of student Eduardo Jara Aravena, a MIR member who was interrogated following the murder of Colonel Roger Vergara.

The Exile Policy Myth

The military government occasionally, and not always justifiably (as we have seen in previous chapters), expelled some political opponents or prevented them from re-entering the country. Yet those cases can be counted with one's fingers. Nonetheless, when the policy is criticized, it is often spoken of as having affected "thousands of exiles," with as little basis—just as when critics speak of "thousands of people it caused to disappear."

Exile is confused with *voluntary exile*, i.e., the sentence requiring one to leave the national territory decreed by a judge in conjunction with commutation of one's prison sentence, as a substitute penalty that benefitted the convict. Such decrees happened frequently, but they did not constitute exile, but rather a penal sanction substituted for prison time. Accordingly, voluntary exile was permitted for the benefit of the criminal and granted at his request.

In an unpublished study by retired general Gastón Frez, of which I have kept a copy, completed on the basis of official documentation, the military government was found to have allowed voluntary exile, by way of swapping it for a criminal's prison sentence, effective for 999 *mirista*, communist, and socialist prisoners. In addition, during that administration, ninety-six men convicted by the military courts, along with twenty-two individuals who had been condemned under special decrees, were allowed to be placed on probation if they left the country. These measures, far from constituting a greater sanction, were in reality a benefit granted to improve their situation as convicts and to comply with requests from other governments or relatives.

The Myth of the "Thousands Caused to Disappear"

The most frequent diatribe leveled against the military government is that it "made people disappear" and is accused of causing "thousands to disappear." Those accusations have no basis in reality.

Sure, it happened under that government, especially during its early days, that people were killed illegally by uniformed personnel, sometimes with the participation of civilians, but without orders from superiors or the knowledge of the junta or its president, who had ordered, as documented earlier, that the rights of the people be respected. And it came to pass in such clandestine cases that the perpetrators proceeded to bury the remains.

It also happened that human remains were thrown into the sea after either some confrontation or the execution of detainees by members of the security services—likewise perpetrated without the knowledge of the government authorities. When the facts were divulged later, while still under the military government's administration, some unspecified authority figure resolved that the buried remains should be secretly cast into the sea—with official acquiescence—believing that by so doing they would diminish the damage done to the image of the administration that, I repeat, did not have a policy of the physical elimination of detainees. This error in official policy was serious since it would have been better to report on the undesirable behavior of such military men and civilians, and then deliver the remains of the deceased to their families. Nevertheless, in most of those cases, a list of those killed was kept and, therefore, the fate of each one's remains was known. Strictly speaking, then, they did not and do not qualify as "disappeared." Moreover, there were never "thousands" of them.

Starting in 1980, former Christian Democratic Representative Claudio Orrego Vicuña and journalist Patricia Verdugo published, under full military government rule, the book *Detained–Disappeared: An Open Wound*. On page 6, they point out that the number in question is "more than six hundred people"[10]—not "thousands." In 1991, the Rettig Commission determined that the figure was 979. The National Reparation and Reconciliation Commission that followed it added 123 missing persons—having been a governmental body likely formed to feed the appetites piqued by the sundry economic benefits received by the victims determined by the former. Hence, the total came to 1,102—not "thousands." In the years since 1991, six have "reappeared," according to successive press releases, thereby leaving a total of 1,096.

When French writer Suzanne Labin came to the country, she concerned herself with certifying the number of cases of missing detainees that had been reported to her, but she could not find suitably precise details. Before coming to Chile in September 1978, she had asked the French police how many people disappeared there yearly: she was told that out of nineteen thousand reported missing in France, thirteen thousand of the disappeared persons were found. That is to say, six thousand persons disappeared each year in France. Labin wrote thus:

> I have come (to Chile), after having considered the initial figure of 2,500 disappeared, quoting Rosalynn Carter (the spouse of American President Jimmy Carter), which was already considerably less than the figures released all over the media: viz. that around 15,000 people had disappeared. My first surprise was to note that the Vicariate in Santiago maintained that there were only 651 missing persons cases. First blow: the number of disappeared had fallen from 15,000 to 651.[11]

Over the course of 1979, the *Vicaría de la Solidaridad* published a series of seven volumes entitled *Where Are They?* (*¿Dónde Están*), relating to people whose whereabouts were unknown and who might have been detained by government agents. It details 478 cases in all, i.e., on average somewhat less than seventy per volume, in which the circumstances are related that pertain to the alleged arrests, as well as reporting the efforts to find the respective persons.[12] The Rettig Report details the cases of detainees who disappeared year by year[13]:

1973	383
1974	224
1975	83
1976	97
1977	18

1978–1990	23

As can be seen, from 1978 onward, fewer than two cases per year were reported to the commission. DINA policy is also frequently blamed for making people disappear, but the Rettig Report itself recognizes only a minority of cases (38.3 percent) wherein it was responsible:[14]

DINA	316
Carabineros	248
Army	161
Air Force	21
Navy	5
Investigative Police	20
CNI	8
Private individuals	45
TOTAL ASCRIBED	824

Recapping, according to the aforementioned report, the total number of people who disappeared between 1973 and 1990 was 979.

As mentioned before, after the Rettig Commission, the National Commission for Reparation and Reconciliation was formed (which contributed to the first purpose but not to the second) and added 123 cases, so that, when added to the 979 of the Rettig Commission, the official total of disappeared detainees reached the aforementioned figure of 1,102. By way of reference, 2,432 people disappeared in Chile in 2006, meaning those who, after a report of “presumed misfortune” was taken, were not found during the same year.[15]

People with Precise Whereabouts Known

With regard to the persons not found and supposedly disappeared in the course of the antisubversive action during the military government, information from *El Mercurio* stated thus:

1. The remains of 172 individuals, whose whereabouts were previously unknown, have been found and were handed over to their relatives. But it is unknown whether they correspond to missing persons or to people who were verified as dead—only that their remains had not been delivered to their relatives.
2. Additionally, there were 281 people whose remains have neither been identified nor delivered to their families, located in different gravesites in the general cemetery in Recoleta, northwest of Santiago.
3. Also, the remains of 96 other people were in the Medical Legal Institute located at Avenida La Paz, No. 1012, Independencia, Santiago who have not been identified or, when they were, were mistakenly specified.[16]
4. In a letter from retired General Manuel Contreras of *DINA* to this author dated September 30, 2005, a copy of which its sender claimed to have sent to seven summary judges of the courts of appeals of Santiago and San Miguel—who personally went to his place of detention to verify what was expressed in it—the former *DINA* director indicated that in an unspecified process overseen by a judge of the Court of Appeals of Santiago, there is evidence that 113 individuals pertaining to the so-called group of disappeared detainees or killed in combat were buried in courtyards 9, 12, 25, 26, 27, 28, and 29 of the general cemetery, without being identified.
5. He then added that the remains of 153 individuals were buried in Cuesta Barriga a relatively low mountain overpass about thirty minutes east of downtown Santiago, from where they were later removed and—it is supposed—tossed into

the sea, as was stated (he affirmed) at the *2001 Dialogue Table*.

6. On the list of detainees who disappeared between 1973 and 1977, detailed in the letter of the retired general cited above, there were remains of 365 people at the Medical Legal Institute without being identified.
7. There were 26 “persons” who disappeared between 1975 and 1976 that were fabricated by the commissions created under the Aylwin administration 1990–1996, since they did not appear in the civil registry, i.e., they did not have a legal existence.
8. There were 56 persons classified as detained-disappeared who, according to official documents from the Republic of Argentina, entered that country.
9. There were 33 people, also considered to be detained–disappeared, who figure as having left the territory, according to Chilean legal documents.
10. There are 4 persons who have been declared to be seen alive after their arrest and disappearance, according to an equal number of witnesses’ sworn statements made before a notary public.

Those numbers add up to 1,299 people.

The total detained-disappeared listed in the reports of the two commissions (Truth and Reconciliation, Reparation and Reconciliation), as indicated above, totaled 1,102 persons. The possibility of double counting in the preceding list is evident, but what is clear is that the accusation about “the government that made thousands of people disappear,” which is the most acclaimed slogan against the military administration, has no basis in fact.

In other words, the possibility that there are no detained–disappeared persons at all is quite *real*. Indeed, the only obstacle that separates us from the truth rests in the fact that since 1990, twenty-nine years have elapsed (as of the date of the writing of this book) without having identified the buried remains yet-to-be-identified in either the general cemetery or those that still abide

under the care of the Legal Medical Institute. Why not? The answer seems to be given over to the wildest speculations.

Retired General Contreras' book contains 184 pages of appendices with facsimiles of Chilean and Argentine official documents wherein his affirmations are based.[17] A rebuttal to them has never been published nor has the authenticity of the official documents of Chile and Argentina reproduced by him been questioned.

In a country where commissions are constantly formed and where the House of Representatives, with great frequency, agrees to establish investigative commissions to look into any fact of public notoriety, none has been formed to specify the number of those reported as detained-disappeared. Nor has one been formed to investigate why unidentified remains yet persist, e.g., those in courtyards 9, 12, 25, 26, 27, 28, and 29 of the general cemetery. Why is that so? Perhaps the magnitude of the problem is numerically too miniscule to bother with, since only a few people would be left unaccounted who disappeared for political reasons.

When I studied that subject to write my book *Therapy for Washed Brains*, I consulted the carabineros website and found that in 2006 there were 23,970 complaints of "alleged misfortune" in Chile, i.e., for missing persons, of which 21,538 were found over the course of that year. In other words, 2,432 were still missing in 2007, more than twice the number reported by the commissions formed by Aylwin in the 1990s to cover the sixteen and one-half years of the military revolution.[18]

Congruently, in February 2018 *El Mercurio* reported that more than fifteen thousand people have disappeared in Chile since 2003 (10,984 registered by carabineros and 4,532 by the Investigative Police), which yielded an average of one thousand persons gone missing per year. For those persons little or nothing is reported compared to the tremendous political publicity that the cases of the few (if any) receive, that yet remain to be found for 1973–1990.[19]

Amnesty Benefited Mostly Civilians

Given the illegal denial, which constituted prevarication, by the Chilean courts to apply amnesty to uniformed Chileans, those who benefited most from that rule were the armed civilian individuals that fought the military government. After the enactment of the amnesty decree in 1978, 9,552 committed extremists in the armed struggle were absolved from all guilt. Many were living abroad and thus able to return to the country. There were 999 individuals who benefited from the voluntary exile policy, which substituted the penalty of exile ("extrañamiento") for their prison sentences. They later accepted their amnesty and returned to Chile. They were part of what has been called "the exile," never having been such.

Finally, there were 96 individuals convicted for their participation in the armed struggle who were placed on probation under the military government. They settled in thirty-two cities throughout the country. In the aforementioned table containing the figures tabulated by retired General Gaston Frez, President Patricio Aylwin was recorded as having pardoned two hundred fifty-eight individuals—all leftist terrorists—who were condemned by the courts of justice. They had injured or killed seven hundred and sixty men of the national defense forces between 1973 and 1990. Included among them were the murderers of Santiago Mayor General Carol Urzúa, retired carabineros colonel Luis Fontaine, and Army lieutenant colonel Roger Vergara, all riddled with bullets in cold blood.

Profit and Human Rights

Much of the historical denigration of the military government has had its origin in a ploy for economic gain. The alleged "abuses of human rights" issue has led to grand sums of compensation paid by the state to those (or their families) who have been declared victims.

One single figure is revealing. In Chile, these people receive pensions as "politically exonerated folk"—some 160,000 people—of whom many profit inappropriately. The Comptroller General of the republic examined accounts, based only on a sample, that showed three thousand cases of falsely exonerated recipients. Yet the

president of the National Commission Group of Exonerated People, Raul Celpa, revealed the huge uncalled-for business that has grown up around the playing field, estimating that there were more than 100,000 falsely exonerated recipients, who collect monthly pensions under that guise, yielding a fiscal cost on the order of four hundred million dollars per year.[20] (He revealed this during a CNN-Chile interview with Tomás Mosciatti on May 30, 2013.)

A Dispassionate Verdict

On August 5, 1974, Ernest W. Lefever—Senior Fellow at the Brookings Institution in the United States—made a speech before the subcommittee on inter-American affairs for that committee of the US House of Representatives. He had visited Chile to garner an impression of the circumstances that were being experienced in the country and, coming to the point of whether the military government had abused its power, issued the ensuing judgment. It stood out as being a balanced and objective view, and I had similarly formed my thoughts on the matter. I have already pointed out that between September 11, 1973, and August 1974, two-thirds of the total number killed through March 11, 1990, had taken place, in the insurrectionist movement–government struggle. Mr. Lefever declared before the House subcommittee:

> Senior government officials freely admit that there have been abuses against certain suspects, including torture employed by interrogators moved by excessive zeal. But they point to strenuous circumstances, including sniper action that results in police and soldiers being shot and an emotional climate of hatred being generated by Marxist militants.
>
> One could also add the total inexperience of the military in arresting and interrogating displayed by individuals suddenly placed in positions of authority. It should be noted that scholars of police practices and prisons in Latin America show a minimum of such abuses in all countries, yet they are prone to increase during times of trouble and confusion.
>
> Perhaps most importantly, I did not find evidence that higher military authorities have ever ordered or approved of

> abusing suspects, although the thesis could be defended that they did not act early or vigorously enough to eliminate more such abuses. Earlier this year at least five Chileans were arrested, tried and punished—convicted for abusing suspects—with one sentenced to fifteen years in prison. Moreover, according to the testimony of Chilean and foreign observers, the most serious abuses were virtually eliminated by the end of April 1974. Hence, the encounters of Americans who visited Chile before that time, including testimonies in the hearings on human rights in the subcommittee of organizations and international movements of the House of Representatives, are now outdated.[21]

Pinochet's Farewell

The president toured all of Chile's regions to say goodbye. He explained, "I'm touring Chile because whenever I leave a house or any other place, I always say goodbye."[22] He had been very active touring the country during his sixteen and one-half years of government, from one end to the other: for instance, sixty-four visits to the First Region, then comprising the cities of Arica and Iquique, in the extreme north; fifty to the twelfth, including Punta Arenas, in the extreme south.

He said goodbye to the journalists covering La Moneda, and there were tears, to which he replied, "Why are you crying? I have not died! No one has died here!"[23] His last cabinet council was held in Temuco. On March 10, he bade farewell to the ministers and their spouses at La Moneda. That night he offered a reception at that Palace similar to one held for foreign dignitaries.

Early on the morning of March 11, he received US vice president Dan Quayle at his home on Presidente Errázuriz Street in Las Condes, northeastern Santiago. A witness reported that during the ensuing conversation and after hearing Quayle's congratulations for the mission completed in eradicating Chilean communism, he received the vice president with a hearty handshake—such as those he used to give to some people for whom he did not have particular affection. He replied that the Chileans had managed to defeat

communism, rebuild the country, and reestablish democracy despite the hostility of the United States.

The translator froze for a few seconds, but he fulfilled his duty. Quayle remained unchanged upon hearing the translation, and the farewell given from both leaders was polite in the end. Former minister Cáceres did not know about that frank and discomfiting happening in his memoirs, limiting himself to recall:

> Accompanied by Foreign Minister Hernán Felipe Errázuriz, Pinochet received congratulations from Quayle, who highlighted his and the Armed Forces' commitment to the constitutional timetable and the peaceful transition to democracy.[24]

The following morning, he passed by public applause on the trip from his home on Avenida Presidente Errázuriz to the military school, in order to board the helicopter that would take him to Valparaíso. There he would deliver the presidential sash and medallion of authority to his successor. Finally, after already being in the Fifth Region, he went to the cavalry school in Quillota, thirty minutes northeast of Viña del Mar, where he bid farewell to generals, ministers, and high officials, many of them wearing the "Mission Accomplished" medal on their chests.

Well, in effect, the mission had been completed. Those people had received a Chile on the verge of a civil war, that was lagging behind even underdeveloped nations; but they handed over another Chile, living in peace and leading Latin America. That fact led US Democratic president Bill Clinton to recognize in 1993, that "Chile today stands as a model of superb economic leadership and good democratic governance."[25]

Stellar Moment in the Change of Command

Bear in mind Carlos Cáceres's commentary regarding the change of command:

> Given the historical relevance of the act, days before, in the offices of the Ministry of the Interior, a general rehearsal had

> been carried out, taking into account that all the television cameras in Chile and the world would be focused on the gathering. In this dress rehearsal, President Pinochet himself participated and, in addition, the Secretary General of the government, Cristián Labbé, and the Chancellor, Hernán Felipe Errázuriz. Amid laughter, Labbé acted as "Aylwin" and Errázuriz as "President of the Senate, Gabriel Valdés."
>
> Everything was programmed to the minutest detail. The only difference was that, when the real moment came and after the delivery of the presidential sash by Valdés, the outgoing President retained the medallion of authority—the symbol of command—and without intermediaries he pinned it directly on Aylwin.[26]

Sometimes the most important circumstances of history do not occur in the framework of transcendental ceremonies, the signing of fundamental documents, or the official meetings of statesmen, but rather in fleeting moments that become decisive for the future. A famous European (Austrian) essayist, Stephan Zweig, collected some of those decisive moments in his work *Decisive Moments in History: Twelve Historical Miniatures* (1999).

On the night of the change of command from President Pinochet to his civilian successor, Patricio Aylwin, there was a stellar moment, according to this author—fleeting but decisive—which probably changed the course of the new administration and determined in that same moment that in Chile there would never be reconciliation—as in fact there has not been in twenty-nine years. Indeed, the extreme Left's hatred would determine an illegal and unjust persecution against the military and the impossibility of something equivalent to the "now he is a brother that yesterday was an invader" line found in the first stanza our national anthem of 1841.

Contrary to that anthem, that stellar moment anticipated that hatred would remain alive and well in Chile and that there would be failures in future judicial processes plagued by illegality, arbitrariness, and unconstitutionalities—abuses coming at the expense of historical reality—denigrations and historical fabrications that will never allow us to understand the past. Thus, it occurred

when Aylwin, before a packed national stadium, spoke to the country about the future of a democracy without hatred, instead donning peace, civility, and reconciliation among all groups. He mentioned such things, eventually uttering the most representative phrase of his proclamation: “reconciliation between civilians and the military.” At this point a deafening whistle was heard, which obviously did not come from the democratic majority or the few right-wingers who had voted for him (and were unlikely to be present) and who believed him to be a moderate politician. It did not even come from the born-again leftists, but rather from the motley crew of the communists, Marxist-Leninists, amassed there who had wanted to seize power for sixteen and one-half years beforehand but could not do so, and that—during those same years—had fought, using terrorist methods, to overthrow the military government. Moreover, in recent elections, the *PAIS* pact had been formed around the “party of hatred,” i.e., the Communist Party and its fellow travelers that had not found a place within that coalition, because they neither asked for nor gave up using armed violence or called for a truce. They were present in the stadium and they whistled the loudest.

Aylwin showed courage at that moment, but not much longer than that, replying to the scornful communists by reaffirming loudly: “Yes, gentlemen, between civilians and the military; reconciliation must include them all!” Perhaps he had genuinely good intentions at that time, but they did not last beyond that instant. Then he realized where the most serious threat of violence would come from during his administration and therefore sold himself out to the communists in such matters in the best way he could: by becoming the military’s executioner. Because at the very moment the communists were grinning he knew—as did all of us who knew the history of contemporary Chile, and who knew Aylwin and his Christian Democratic party along with the Communist Party—that if he had to choose between genuine reconciliation or perpetuating hatred, giving preference to reds, it would be the latter scenario that would prevail.

From that moment on, Aylwin became the persecutor of uniformed personnel, a ruler who would form a biased and unconstitutional commission to set them on the defendants’ bench before the eyes of the whole country and the world. He would be the president who

would intervene unconstitutionally in the workings of the Supreme Court so that the Amnesty Law would not rightfully be applied to those who had fought against insurgency, but rather in the final sentencing, so to keep them marching through the tribunals' corridors, vexed by *frentistas* and *miristas* who basked in impunity. He would give money—a lot of it (not his own, of course, but government funds)—to leftist extremists to keep them happy and compensate them for not being able to take control by force or to install a totalitarian regime.

Furthermore, he also became the man who would establish a Museum of Remembrance running along the lines of doing homage to armed communist insurrectionists and serve as the forerunner of the Punta Peuco prison that would be used to house and denigrate the soldiers who liberated Chile (and who had done so with the praise of Aylwin himself). Today that prison is full of uniformed political prisoners and elderly people, illegally deprived of their freedom and lacking even the most basic prison benefits that civilized humanity recognizes that all prisoners should receive. Even a former critic of the military government's human rights record, José Miguel Vivanco, the director of Human Rights Watch, has interceded for these prisoners. The epitome of Aylwin's double standard was perpetuated on YouTube, where one can simply search for "Aylwin" and witness his duplicitous character, saying one thing (in 1973) about the military revolution and then (in 1993) stating that he had never said such a thing, while simultaneously asserting the contrary.

The Legacy of the Military Revolution

I end this book by quoting some words that are not mine but rather those of a serious historian, albeit biased in some respects, Gonzalo Vial Correa. Where he has made mention of Augusto Pinochet, I take the liberty of inserting, on some occasions, "Chilean military revolution," because although Pinochet was its main driver, it also triumphed thanks to the effort and sacrifice of thousands of military, civilian colaborers, and millions of ordinary citizens who lent their civic support:

By backing a *coup d'état* that he probably did not want any part of, Augusto Pinochet avoided a civil war. That is, tens of thousands of dead; even more poisonous and hateful persecutions than those that would unfortunately still occur; and the possibility of a "real socialism"—a hardly positive happening wherever it was experienced during the last century—that might have fallen along with the Berlin Wall or perhaps have even survived down to the present, as it has in Cuba…

The Military Revolution then dodged two imminent wars with Peru and Argentina. Regarding the second, in addition, it achieved a definitive and fruitful peace.

It returned institutionalism to the country, providing it a Constitution that remains in force today, and according to which norms and deadlines civilians recovered power and democracy right on schedule.

It restored plenary property rights, and on that basis established a new economic scheme, whose principles include a small and subsidiary state, resource allocation by the market, a remarkable balancing of public finance—the budget above all else, free enterprise, free competition, freedom of prices and interest rates, deregulation in general, and openness to foreign markets. From there, starting in 1987, a growth sprint began that ran for a decade and doubled the size of the country...a decade of material boom without parallel in the last century, and perhaps in the two centuries of the Republic.

It improved all the global health indices. It allowed the state to focus medical-hospital care policy towards the poorest sectors, by launching a private system—the *Isapres*—which served the lower-middle, middle, upper-middle, and upper social classes.

It made labor policy flexible through its labor plan, adapting itself to the demands of an open economy.

It replaced a bankrupt social benefits system, made chaotic by multiple "fund outlets" and "compensation societies" for different benefits. Thus, entered the AFPs on stage. Through

these private entities, each saver is the individual owner of the deposits he has made to finance his retirement. These contributions—at least up until now—would be the capital that generates retirement income. The state guarantees only a minimum pension.

It invented and promoted a successful system to promote low-income housing—the “subsidies”—still around and operating today.

It decentralized basic and secondary education at the municipal level. Through school subsidies, it encouraged individuals to provide it free of charge, likewise opening the door to having private universities.

All of the above, of course, can be and are discussed, criticized, from numerous and plausible points of view. And they were undoubtedly areas devoid of coverage without touching in important areas. Nonetheless, all things considered, the country we now inhabit would have been unimaginable if the blueprint of the Military Revolution were removed…

Some are fighting to eliminate the “authoritarian sections” of the 1980 Constitution. They have the right to do so and may be able to ascertain them. But what is not disputed is that this charter allows us to live freely and peacefully, and that many of its norms—i.e., its protective resources or rules on state responsibility or the people’s guarantees—have been innovative and positive.

Some complain about the electoral binomialism (a two-winner method of proportional representation using open candidate lists, with the two winners chosen by the D’Hondt method), but they usually recognize that it has reinforced governance, by facilitating the formation of two large blocks of parties, discouraging chaos and blackmail spawned by small political factions.

The labor plan, according to its adversaries, in practice would devastate “the worker’s conquests.” Yet today it persists with little change.

There are innumerable aspects of pre–1973 Chile, especially economic ones, which we cannot even imagine as being viable presently, let alone worthy of applause.

Fixed prices of hot dogs—among thousands of items subject to the same regulation—depending on the city where they are sold and also considering their quality as being plain, with mayonnaise, with full fixings or *completos*, etc.? US Dollars being offered at different prices, cheap if sold by exporters, dear if bought by importers? Permits to import, assigned "by pointing"? Home appliances and automobiles, bad and burdensome, protected from foreign competition by tariff barriers? A system of taxes representing a jungle? Constitutional reforms—those of 1963, 1967, 1971—directed against property owners to take away their assets and pay for them at below-market prices, over very long repayment periods and without any inflation adjustments...or perhaps not rendering compensation for them whatsoever? A central bank that then meekly issued money that was needed to finance the budget? Payroll taxes that were not individually capitalized in the accounts of those who paid them, but were instead submerged and lost in the bottomless pits of overly generous and bankrupt "compensation societies"? Hospital-medical care that was uniformly poor for all those who were not very rich, being handled by public health services? Only one-half of current university slots open for potential students? Ten thousand schools and colleges, and one hundred thousand teachers, being centrally planned and managed from Santiago?

Who would conceive any of these matters as being probable...or even having a possible impetus in the beginning of the Twenty-First Century?

The touchstone of the importance of the Chilean Military Revolution is manifest in just how little its enemies have been able to and probably wanted to modify its accomplishments. What they chanted pre–1990 and what they have done after regaining power, have been completely different. They continue to compete in the court that the Military Revolution

set up, which continue to bound—fundamentally—the rules of the game."[27]

The legacy of the Military Revolution According to Thatcher

Furthermore, one world-renowned voice has also recognized the legacy of that Chilean administration. At the Conservative Party convention in Blackpool on October 6, 1999, when Senator Pinochet was arrested in London, former prime minister Margaret Thatcher said thus:

> I am surprised that those who run to accuse Pinochet of all abuse imaginable do not mention the positive legacy left by his government in Chile.
>
> What about, for example, the fact that Chile was transformed from chaotic collectivism to a model economy in Latin America?
>
> What about, for example, the fact that more Chileans acquired housing, that health care improved, that infant mortality crumpled, that highly efficient programs to defeat poverty were implemented?
>
> Above all, why do they not tell the world that it was President Pinochet who established a Constitution for the return to democracy? That he submitted to a referendum to decide whether or not he would continue in power? That he lost that plebiscite (albeit capturing 44% of the vote), yet he respected the result and turned over power to a democratically elected successor?
>
> But, of course, we know why none of these achievements are talked about. It is because the Left does not want to talk about them and does not want, if such can be avoided, for them to be known.
>
> The Left lost the Cold War in Chile, just like everywhere.[28]

And a final "golden brooch": being Chile was the first country to recover from the "debt crisis" in the eighties, the percentage of its

debt, that was 143 percent of GIP in 1985, had descended to 74 percent of the same in 1990. No other country could exhibit the same betterment.[29]

And the Recognition of the Worst Enemy

All in all, for me the most valuable testimony of accomplishment of its purposes by the Chilean military revolution was received during a luncheon offered in the countryside estate of retired Admiral Maurice Poisson, by him to the Editorial Council of *El Mercurio* newspaper, in the midnineties, having as guests of honor one of the wealthiest men in Chile, Andrónico Luksic Abaroa, and his wife, Iris Fontbona de Luksic.

Luksic had very recently returned from a visit to Cuba. He had had a longtime good relationship with the extreme Left, so much so that he protagonized "The Year of Investment" during the Popular Unity government of Allende (1970–1973), regime that was nearly destroying the Chilean economy. Circumstance of which Luksic, more confident then on the future of the country than the rest, profited in the sense that he acquired at a low price many assets that others were willing to sell in panic.

During the luncheon at admiral Poisson's countryside estate Luksic revealed to us that, being in Havana, he had managed to obtain a personal invitation for late dinner with Fidel Castro. During it, Castro initially monopolized the conversation, speaking uninterruptedly until dawn. Then, in a given moment, he self-interrupted his speech and asked Luksic, rather suddenly, "Tell me about how Chile is doing today."

The alluded guest explained in detail the numbers of the "golden decade" that Chile had been living since the mideighties, doubling the GIP in ten years, with political stability and in a climate of internal peace. When he ended this description Fidel, energetically pointing at him with his index finger, said:

"You owe that to Pinochet."

The End

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[1] https://www.economiaysociedad.cl/mas-leyes-rastrillo.

[2] Found on pages 214–215 of the complete book edition that is available at https://www.guminwangxiao.com/uploads/soft/7352353342234.pdf.

Appendix

(Note: This appendix contains a partial reproduction of chapter 15 of the 2008 book *Therapy for Washed Brains* (*Terapia para Cerebros Lavados*) by Hermogenes Pérez de Arce Ibieta, El Mercurio-Aguilar, Santiago).

Perhaps the brainwashing that has been performed throughout Chile and worldwide regarding the account of former president Pinochet at the Riggs Bank in Washington has done more to damage his image than any of the sundry other accusations previously spread against him. The campaign proved devastating even though it lacked any basis in reality.

Failed Maneuver

The brainwashers outdid themselves when dealing with the assets of former president Pinochet, reaching a true boiling point once they had told him that that they had discovered 9,620 tons of the former president's gold in Hong Kong: US$185 billion! He was the richest man on the planet! Every bit of Chile's GDP was in his pocket, and we did not even know it! He multiplied Bill Gates' fortune more than threefold.

The tip came from Al Landry, a securities broker in Los Angeles, California. Immediately, the government of the *Concertación* (United Pact fo Democracy), through foreign minister Alejandro Foxley, who validated it and declared that "it was delivered by a reliable source, at least from our point of view."[1]

The socialist congressional representatives were exultant. One of them compared Pinochet with "King Midas." Senator Carlos Ominami was more cautious, but he accused himself when he stated, "Whether gold story was true or false, all of Chile wanted to believe it. That is the serious thing."

He insinuated that a brainwashed country would believe just about anything about Pinochet. Joan Garcés, Spanish lawyer and

representative of the Allende Foundation, was preparing—as he announced—to seize the general's gold bars.

The State Defense Council came out, as usual, crying foul. Whenever it comes to the general's estate, its lawyer María Teresa Muñoz appeared in the press exclaiming incidents without any basis for doing so, such as "money laundering!" Or "commissions for arms sales!"

But the claim was dashed to pieces when HSBC (Hong Kong & Shanghai Banking Corporation) declared that the gold certificate, allegedly issued by them, was fake.[2] That was just fine, but who corrected the national and international damage done to the image of the general?

Once caught, the perpetrators vanished, but not without cynicism. Indeed, a German with the surname of Schell came forward and stated that at his firm existed a HSBC deposit receipt for 9,620,000 kilos of gold or 9.62 metric tons, 99.9 percent fine. And he made a facsimile of that certificate, which was published in *El Mercurio* on 27 October 2006, p. C 3. Despite being from a German firm, it was in English, but with a spelling error: instead of saying "safe deposit," i.e., a "safe deposit box," it read "save deposit"—a very rare mistake for a serious financial institution to make.

And this supposedly original HSBC certificate, whose facsimile was also published, did not even have the name of the bank written correctly, as it was called "Hong Kong Shanghai Corporation Bank" instead of "Hong Kong & Shanghai Banking Corporation." There is no bank using the former name. Thus, it was a crude and rudimentary fraud.

Everything collapsed like a house of cards. So much so that commentator Patricio Navia, even though he was inclined to the *Concertación* (United Pact for Democracy)), wrote a column entitled "Nine Thousand Kilos of Errors." He had lived in the United States for a time, where lying—unlike here in Chile—often brings negative consequences. In that column, along with making fun of Foxley, who "was encouraged to say that the information that had arrived 'be taken into account, seriously, by the courts,'" added:

> In addition, a notorious case of corruption in ChileSports had just been uncovered. The revelations about Pinochet's supposed gold have hence seemed to fall like a ring off the government's finger. The bigger scandals make people forget about minor hubbubs.[3]

Consequently, a frustrated character assassination plot, with official (or theatrical?) complicity was entirely phony. Yet who answered for it? Who perpetrated it? No one.

The Truth about the General's Money

General Augusto Pinochet was always a thrifty person. In addition, he was an upright leader, as will be shown later.

During the last occasion when he met socially with his friends at a luncheon, which I had the honor to attend, he told us, regarding the infamous campaign he was being subjected to: "I swear by the memory of my mother that I never took a peso that did not correspond to me."

During his government, the campaigns through which they tried to besmirch him, based on some insignificant fact, e.g., the acquisition of some Army land, were shown to represent no pecuniary benefit to him. After his government ended, he was accused of influencing the Army to acquire an armament factory, which was done, after which the eldest son of General Pinochet, Augusto, received a three-million-dollar commission.

It was an episode that became known as *de los Pinocheques* (the Pinochet check scandal). Henceforth, the House of Representatives appointed an investigative commission, which concluded that the acquisition had been advantageous for the Army, without objecting to the commission paid. Admittedly, it was an indelicate transaction involving a relative so close to the then commander in chief, but no fraud or damage to the state could be proven.

In relation to the general's money deposited abroad, the truth was that—at the end of his government—his friends foresaw what might likely come about due to the doctrine of hate, Marxism-Leninism, would never forgive him for having put an end to its attempt at

totalitarianism. As Leonid Brezhnev had proclaimed in September 1973, “There can never be another Chile.”

We all knew that once under a leftist government, lawsuits riddled with fabrications against the former president would sooner or later emerge. Leftists would thus seek to strip him of the assets he had accumulated over a lifetime.

That is why, in my presence in 1992, two wealthy Chilean men (one of them with many contacts in the United States), agreed to set up a collection for the former leader that would be safe from the ravenous Marxist-Leninists. Obviously, it had to be deposited abroad. There were nationals and foreigners who led the task of creating foreign holdings in favor of General Pinochet, safe from acts of leftist vengeance.

Based on its knowledge that he maintained an account with the Riggs Bank in Washington, the socialist regime set out to try to prove that the government presided over by the general had been corrupt. The socialist director of the US Internal Revenue Service then undertook a complete accounting of the alleged declared and undeclared income of the latter, but the first big surprise that came from doing so was that throughout his government, between 1973 and 1990, he appeared to only have underreported a total of 544,000 dollars.[4] Yet the Riggs account was opened long after he stepped down as head of the government.

That is to say, while he was president he appeared “to be pocketing” an average of just 32,000 dollars per year, i.e., just over one million pesos per month. That amount was less than the content of just one of the “cash envelopes” that the presidents, ministers, undersecretaries and senior government officials of the *Concertación* United Pact—leftist governments that came after him garnered monthly—misdeeds recently discovered and forgiven in 2003! More than that, they were rewarded. Because after catching them, the opposition agreed to raise their salaries by the equivalent sum of what they had previously absconded with under the table. What corrupt ruler, endowed with vast powers, would have settled for a little more than a million pesos a month as booty from the treasury?

Origin of the Riggs Account

The subcommittee report of the US Senate that had investigated the Riggs Bank accounts stated that Pinochet's were opened not at his own initiative, but rather by the Bank's executives. Moreover, this action was not done during his time in office, but four years after stepping down, in 1994: "They met with Mr. Pinochet and explicitly asked Mr. Pinochet to open an account at Riggs."[5] On February 14, 1996, Mr. Joseph Albritton, president of Riggs, wrote the following to General Pinochet after visiting Chile:

> Chile is a very impressive country, with an excellent future, thanks to you and the policies and reforms that you put in place. As I said, I would be very pleased to help you and your country in any way I can in Washington, DC.[6]

From the foregoing it is clear that the relationship with the Riggs Bank was subsequent to the Pinochet government and that the top dog of that institution offered him his services to manage his resources, which allowed him to obtain high returns on them.

The fears of the aforementioned general's supporters were well founded when, in 1998, legal actions were brought against him, for carrying out alleged acts for which he was completely innocent, e.g., the deaths recorded during October 1973 General Arellano's entourage passed through (discussed in chapter 1). It was seen that the legal process overseen by Juan Guzmán, the jurisdiction trial judge, fostered these actions. Pinochet's innocence has been demonstrated in two books pertaining to the case, cited earlier (*La Verdad del Juicio a Pinochet* (the truth about the Pinochet ruling) by Hermógenes Pérez de Arce Ibieta (2008) and *De Conspiraciones y Justicia* (of conspiracy and justice) by Sergio Arellano Iturriaga (2003). Moreover, his lack of guilt has been gradually confirmed recently, hence rendering each false accusation included in the legal process that had been allowed by Juan Guzmán—after the case had passed into the hands of his successor, jurisdiction trial judge Víctor Montiglio, who was more aligned with the law.

Trials and Seizure of Assets

Just as from any criminal trial a civil action for compensatory damages is born, the eventual spurious conviction of General Pinochet led to seizures of his property. The general himself made the following public statement on August 10, 2005, published in the country's main daily newspapers and broadcast over television news shows on that date:

> I reiterate that I never defrauded the state nor obtained illegitimate benefits from the exercise of the official positions that I held. Out of prudence, I delivered my life savings to foreign professional institutions, since I imagined that I would become the subject of persecution and political harassment. If any tax shortfall existed, my advisors have paid all that I owed.

Obviously, if he wanted to safeguard those resources, it could not be done in the country where public services were controlled by those who persecuted Pinochet in every way. Even moral doctrine justifies tax evasion when a regime is undertaking acts of persecution or arbitrary deprivation of assets, up to authorizing him to deduct reparations from those assets under the guise of "just compensation".

Employment of the Patriot Act

But those who wished to protect a part of the general's estate from the left-wing vengeance could not foresee that it would not respect borders. Following the attacks on the Twin Towers in New York in 2001, exceptions were made to banking confidentiality rules in the United States to allow for investigations into possible funds sources used by al-Qaeda terrorists (under part of the Patriot Act).

Leftist activists took advantage of this regulation, having stood as adversaries of the Chilean military government for years, trying to harm it in every aspect of its administration and to discredit it before the international community. Completely disinterested in the purpose of the Patriot Act, which was to discover any financial ties to al-

Qaeda, a hit squad of leftists, wherein journalist and writer Peter Kornbluh and Congressman Michael Harrington, of the most extreme wing of the Democratic Party were noteworthy participants, sought to locate deposits under the name of Augusto Pinochet and people related to him.

Accordingly, they found the accounts opened at the Riggs Bank, which served as the basis for what was voiced in a report by the "subcommittee on money laundering and foreign corruption" of the US Senate. This report, remarkably careless and substantially errant,[7] provided footing for those in Chile to speak profusely about "more than one hundred twenty-five accounts or financial instruments related to Pinochet."[8] There was talk of twenty-seven million dollars, too. However, an examination undertaken by the Chilean internal revenue service's money-laundering brigade (*Brilac*) determined that forty of those accounts or instruments were repetitions of others.[9] This fact revealed a lack of seriousness in that investigation and left the US Senate hanging out to dry.

In fact, part of the text of the report of the Senate subcommittee detracts from another that denounces the "one hundred twenty-five accounts" and the "almost twenty-seven million dollars"[10] that the press' publications attested to having verified, since it stated that "in these linked accounts Pinochet received deposits totaling over seven million dollars" and that "at least the total found in the Riggs accounts exceeds eight million dollars in September 2001."[11]

In an unjustified and perhaps malicious way, the denomination of "accounts" was granted to simple renewals of time deposits. Likewise, attributed to Augusto Pinochet were accounts and instruments that were not his own, but rather those of relatives, from the Military House, from military subordinates, or from professionals who served him.

The general's lawyer, Pablo Rodríguez, argued that he did not appropriate money, but was in fact a creditor of the Chilean treasury for US$348,000. Those funds corresponded to his own money used for the expenses of, specifically, the Military House of the Presidency, for which he was not reimbursed.[12]

Falsification Test

Both the carelessness and spirit of inquiry that was alien to all justice were demonstrated in the publications made, being evinced by the fact that among the “Pinochet accounts” appeared one from the Cornwall investment company. But from that same account a withdrawal of US$48,000 for a retired Navy admiral appeared.

When asked, the admiral said that he had prepared a naval engineering report for the British firm British Aerospace and charged them a fee of US$48,000, which had been paid by check from the Cornwall company. Augusto Pinochet had nothing to do with hiring the admiral for such work, preparing the report, or paying the fee. The account was not his.[13] Yet for the public, it was and still is another “Pinochet account.”

Just as there were neither General Pinochet’s one hundred twenty-five accounts nor his fortune of twenty-seven million dollars, the funds he held were of legal origin. The Chilean court investigating the case, having powers to seize any sum belonging to Augusto Pinochet anywhere in the world, maintained a balance of only around two and one-half million dollars, as will be seen.

Donations and Grants

General Pinochet’s personal resources overseas came from his savings during his professional periods living abroad, particularly in Ecuador before 1970; of his pension funds (withdrawn), which he received in shares of Chilean corporations, whose value over time grew substantially, leading to a current amount of not less than approximately two million dollars. To this must be added the royalties from his geopolitical books, published in other countries, sums that were hardly insignificant. Likewise, some Cuban settlers in Miami made large donations amounting to millions of dollars. Baron Von Thyssen of Germany did the same thing. Augusto’s eldest son stated, in a 2005 television interview on the Chilevisión channel, that he traveled to express his personal thanks to the Cubans and the aforementioned baron. Swedish citizen Jorn Wilhelm Sjersted designated Augusto Pinochet in 1982 as heir to his fortune,

according to a press release that year entitled “Pinochet inherited fortune.”[14]

The truth came out of its own accord. On April 30, 2007, under a headline stating, “Riggs Case: Money Laundering is Discarded.” *El Mercurio* reported that the transfer to the Pinochet Foundation of two hundred fifty thousand dollars from the Conrad Heinrich Donner Bank of Hamburg to the Bank of Chile in New York, which a Chilean judge had described as “money laundering,” was no such thing. The report of the Hamburg investigative brigade stated thus:

> (The bank) explained that the family (owner of the account) is “wealthy,” so the amount of money is justified.
>
> It can be assumed that the payment made to the Pinochet Foundation corresponded to a donation. As entrepreneurs in Chile (whose names the donors have asked me not to disclose) or the companies that belong to them, surely benefited during the years between 1973 and 1990.
>
> They add that this family did not deposit the money directly in Chile to prevent it from being known. They wanted to stay in behind the scenes so as not to become subjects public debate.

Here is yet another case, then, in which money that was not designated for him has been added to the supposed assets of Pinochet about which there was talk of “money laundering,” as frequently mentioned by lawyer María Teresa Muñoz on behalf of the State Defense Council.

In addition, the British justice system compensated the general with about two million dollars, reimbursing him for expenses caused by the aberrant trial that pursued him in Britain, which culminated in his release for health reasons, albeit not before reaching a split decision in the House of Lords.

(This ruling was unfavorable because he was held responsible for torturing a young man detained at a police station in the Curacautín mountain range in southern Chile, northeast of Temuco! How many heads of state would go unprosecuted for ill-treatment of detainees in remote police headquarters in their countries? Of course, similar sentences would clash with the people’s common sense, but in the

case of General Pinochet, leftist vengeance has managed to circumvent not only legality but also the most elementary sense of reality.)

Likewise, the general and his spouse received donations of real estate or purchased it at a very low prices, both in La Dehesa (northeastern Santiago) and Los Boldos (Santo Domingo just under two hours west of Santiago), of particular Chilean people who thus wished to express their gratitude to him for having saved the country (and the wealth of the same donors) from falling into the hands of a communist dictatorship.

In any case, with all its attributions and the full facilities that General Pinochet gave to the judge in the Riggs case, Carlos Cerda, he was only able to garnish under US$13 million, which coincides with the accounting statement made regarding his assets, detailed below, of which about US$10 million was used to pay taxes assessed by the Chilean Internal Revenue Service (*SII*), leaving only the aforementioned balance of around US$2.5 million.

For whatever reason, the General's Secretary Monica Ananías, in an interview with *El Mercurio*, left her interviewer speechless when he asked her: "How did you feel when the seventeen million dollars that Pinochet handled were publicly discovered?"[15] The response of the secretary, after objecting that amount was, "All I know is that there were about six million dollars that are frozen." That figure came before naming all the effective assets abroad and paying taxes of almost US$10 million. In any case, the journalist did not dispute the figure given by the secretary.[16]

The Best Test of Honesty

In 1973, General Pinochet made a public disclosure of his assets[17] that, using current values and assuming normal returns, would today be the equivalent of about US$2 million.

If President Augusto Pinochet had wanted to benefit financially from the exercise of his office, he could have gathered a fortune ten or twenty times greater than the one attributed to him, doing so in an absolutely legal way, with no possibility of any action being taken against him. Indeed, the decision to make use of the off-budget

expenses of the presidency of the republic alone would have sufficed.

If we estimate such funds according to those that were available to President Ricardo Lagos in 2001, which were 6.4 million dollars a year,[18] in seventeen years they would have added up to over one hundred million dollars. And as recently stated by the Chilean Internal Revenue Service (when it was required to investigate the personal use of such expenses reserved by President Ricardo Lagos), they cannot be the object of any tax investigation.

That is, President Pinochet could have appropriated more than one hundred million dollars, legally, and without any government agency having the authority to investigate what he did. But he refused to resort to utilizing this exemption from liability, because he denied making personal use—unlike his successors in La Moneda—of off-budget expenses of the presidency.

In any case, that he was absolutely innocent of the charge of trying to enrich himself at the expense of the state was evident. If he could have disposed of more than one hundred million dollars, plus his interest, over nearly seventeen years, yet did not do so, given that all his current assets were only a small fraction of said sum and all of it could be explained as being generated in a lawful manner, it remains of course, as history will corroborate, that the accusations of lack of integrity launched against Augusto Pinochet Ugarte were completely without basis and untruthful.

Accounting Expertise

During the judicial process that investigated the assets of former president Pinochet, an accounting statement dated September 14, 2006, was generated by the judicial expert of the court of appeals of Santiago: business professional and auditor Gonzalo Marín Orrego. He established the facts about the money that the former man kept abroad.[19] The assets of that foreign equity amounted to US$15,782,983.92, from which liabilities of US$1,997,165.22 had to be subtracted, leaving a net worth of US$13,785,818.70.

However, Marín Orrego himself provided a second expert opinion, with better figures based on the same data used by Minister Sergio

Muñoz, correcting both his mistakes and those of the Asset Laundering Brigade (*Brilac*), arriving at a final figure of US$7.4 million. That figure included monies of companies that owned the assets of the general and his family, and the transfers he made to protect himself from judicial activism. The amount coincides with that of the money that Minister Muñoz brought back to Chile once he took charge of the Riggs case. The final report of Marín Orrego details the numerous errors and double counting of the Muñoz report.[20]

But the Chilean Internal Revenue Service assessed Augusto Pinochet as owing income tax totaling US$9,800,000,[21] i.e., it applied a tax of 132 percent against his income: Chilean tax justice! And Pinochet had to prepare himself as it was and pay that amount. That fact is why his heirs do not now have resources to even pay for the property taxes owed on inherited real estate, in light of the court's refusal to release the US$2,500,000, along with a deposit in Chilean national currency of $138,000,000 (US$191,000) that they seized.

The jurisdiction trial judge, Carlos Cerda, demanded all the funds be remitted to him that were held abroad in the name of Augusto Pinochet. And despite the so-called "twenty-seven million dollars" and "one hundred twenty-five accounts" abroad, he could never collect more than the amounts indicated by expert accounting of engineer Marín Orrego. Succinct information from *El Mercurio* recently noted in 2008:

> Pinochet's money is held in time deposits… The seized money totals about US$2.5 million. To this are added the vouchers seen for 138 million pesos of BankBoston then in Chile, which Augusto Pinochet tried to withdraw when he went to the bank accompanied by security personnel and hence triggered an embargo.
>
> On Thursday, the second criminal chambers of the Supreme Court declared inadmissible the complaint filed by lawyer Pablo Rodríguez against the ministers of the ninth chamber of the Court of Appeals that placed (an embargo on) the money because the origin was unknown.
>
> In this way, the more than 7.7 million pesos could not be paid towards past-due real estate taxes owed by the former

leader and his wife, Lucia Hiriart, as requested by their defense team…by not paying the taxes due, the properties could go to auction.[22]

Judgment of a Historian

Historian Gonzalo Vial, in his column in *La Segunda*, analyzed the process underlying Judge Carlos Cerda's opinion against the Pinochet family in the following terms:[23]

> *Due Process and Trials Against General Pinochet and his Family…*
> In 2000, British justice, previous studies, and reports from very reputable medical specialists, declared that the mental health of the former President, affected by a process of irreversible and progressive neuronal degeneration, would not allow him to face a criminal trial, by organizing his own defense.
>
> In 2002, based on these reports and others done by Chileans, the Supreme Court followed the British path and declared Pinochet steeped in dementia, for the purposes of prosecuting him…
>
> But it turns out that in 2005 he was declared fit to withstand new trials, injustices, criminal procedures… How may this be explained rationally? An 85-year-old man who the Supreme Court declares demented, by the time he reaches 90 **has recovered to the point of being able to defend himself in multiple and varied new lawsuits**. This constitutes: A. A scientific impossibility and B. A totally false assertion.
>
> We face an aberration, inexplicable, unexplained, and incomprehensible, that the history of Chilean justice will judge —with the greatest assurance—as having been a flagrant violation of due process…
>
> Issues for the judge who takes on the notorious and blaring case against Pinochet and his family…:[24]
>
> 1. He has allowed the newspapers to publish at length the interrogations of Gen. Pinochet selectively. I understand

that in law such a thing must not be done, nor in ethics either…the rotten part has already largely been done, as seen in the following:

2. It is disrespectful for an old man of 89 or 90 years old, obviously in full decline in his inmost being, to tolerate the publication of his sworn statements, virtually incoherent, exposing him to shame and ridicule that only those who hate him with blind fury relish…

   It is thought that a man thus diminished by old age and cerebral illness from which he suffers, may be asked to organize his defense, recalling the circumstances and details of numerous and complex events, in which, obviously, he could not participate directly—and to recall things that happened twenty, twenty-five, thirty years ago. Without the possibility of having that recall, one cannot even try to justify himself, and his defense attorney will suffer from the same disability, no matter how competent he is.

3. The judge has added to the procedural mix his own inappropriate derision, by initiating an interrogation informing General Pinochet that he will be asked about some “diabolical misdeeds” that he allegedly committed.

   Apart from the clear prejudgment, that was no way to address a defendant, much less a former President and even less an old man with an obviously decayed disposition. The set of circumstances narrated, all of the same process, confirms the general environment surrounding these judgments, that General Pinochet was charged, tried, and sentenced…without due process.

4. Finally, the higher courts did not standardize their opinion as to when to declare that the statute of limitations had tolled for crimes, following from the background already gathered…and if they involve political variables.

> In the MOP-Gate trials 2000–2006, overpayment of US$1.75 million to bureaucrats and for inflated public works contracts, with fourteen people being sentenced to three years in prison for fiscal fraud, with a couple of them paying fines in excess of US$1 million, which were of undisputed political significance, the statute of limitations for events that occurred **at the end of the 1990s**, was invoked immediately in order to halt the prosecution. Yet, in the lawsuits against the Pinochet family, also of undisputed political significance, the statute of limitations pertaining to a fact—the use of a supposedly fake passport—occurred during the course of the 1980s, was abandoned in the final sentencing and did not halt the prosecution. Did that duplicity or double standard show a mere difference in legal criteria?…
>
> The array of these antecedents resulted in the denial of justice to a group of Chileans, not giving them due process, the ultimate responsibility for which must reside with the Supreme Court… In judicial matters, the rule of law is called due process and is protected by the Supreme Court justices. If that body does not fulfill its mission, sooner rather than later, opinion and history will lay it to their charge.

Judicial Summons

As in the accounting of Augusto Pinochet's income, done by the Chilean Internal Revenue Service,[25] it was determined that over the entirety of his nearly seventeen years as president of the republic he received US$544,520 that he did not declare. That amount would have been equivalent to, supposedly, the aforementioned off-budget expenses received, assuming he had taken 1,335,000 pesos (US$1,864) per month. Hence, it occurred to me to compare that

sum with the 1,800,000 pesos (US$2,515) per month of off-budget expenses that the former minister of public works (who perpetrated MOP-Gate), Carlos Cruz, confessed (to having received). Public opinion was uninformed regarding the matter that all the cabinet ministers, undersecretaries, and heads of government services under the left-wing United Pact comprising the administration (i.e., the *Concertación*), and President Ricardo Lagos in particular, received large envelopes full of undeclared cash amounting to sums equivalent to approximately twice the amount garnered by that president himself.

An undersecretary—who had already resigned—visited me in 2007 and told me this:

> Every month, the chief of staff of Soledad Alvear (the foreign minister) called me and said: “Sir XYZ, please send someone to pick up the envelope that is waiting here for you.” The envelope contained one million eight hundred thousand pesos.

Carlos Cruz, the former minister of public works under Ricardo Lagos, had made a similar declaration during an interview with *El Mercurio*.

So following the statement of the latter, I made an accounting of what Ricardo Lagos and his trusted collaborators had taken clandestinely, without declaring the funds, and calculated that every two months they collectively skimmed off more than US$540,000, i.e., almost the same amount as the Chilean Internal Revenue Service had imputed to Augusto Pinochet as having been received and undeclared over the entirety of his nearly seventeen years in office.

Following that calculation, I published the result in one of my columns in *El Mercurio*. A private person then reported the crime involved to the criminal justice system, according to him, evinced by my calculation. The respective judge summoned me to testify, but not before commissioning the Investigative Police (PDI) to ask me about my bases for writing what I did. My answer was as follows:

> Statement by Hermogenes Pérez de Arce Ibieta:

In *El Mercurio* on 17 November 2002, former Public Works Minister Carlos Cruz stated: “I received, I imagine from off-budget funds coming out of some distribution, money to cover expenses amounting to 1,800,000 pesos.”

This statement unleashed a political wave of scandal, because that use of off-budget expenses did not seem legal. To put an end to this adverse climate, an agreement between the government and the opposition was reached to legislate an increase in the remuneration of the president, his cabinet, regional governors, and chiefs of state services, in exchange for reducing the off-budget expenses of the presidency. Legislation to that effect was passed in 2003.

According to the government-opposition deal, and according to each year’s budget legislation, the reserved expenses of the presidency decreased from 3.076 billion pesos (US$4.3 million) in 2002 to 1.386 billion (US$1.94 million) in 2004. From this modification, one may deduce that before the situation was made legal, the off-budget expenses were used as bonuses, said off-budget expenses were expended for an additional 1.69 billion pesos (US$2.36 million) per year, that is to say 282 million pesos (US$394,200 in 2019) every two months, equivalent to approximately US$542,000 (at that time), to pay bonuses to the ranking men working for the state.

In *La Tercera* on October 8, 2005, a list was published of monies received between 1973 and 1989 by then President Pinochet—a list determined by Summary Trial Judge Sergio Muñoz. These monies can be attributed to off-budget expenses and summed over all those years, yielding approximately US$544,000.

On the basis of these antecedents, I affirmed in a column on November 25, 2005, that during the nearly seventeen years of government of then President Pinochet he withdrew total off-budget expenses of US$544,000, while the current government has done the same thing every two months.

Time Clears Things Up

Meanwhile, other things have now been clarified as well. The eldest daughter of the former president, Lucía Pinochet Hiriart, had suffered the embargo of her bank funds and not only that, but she was sentenced to prison by Judge Carlos Cerda Fernández, for apparently having deposits in dollars, allegedly undeclared.

When a taxpayer who does not have the last name Pinochet is investigated, he is first summoned by the Chilean Internal Revenue Service (SII). If his explanations are unsatisfactory, the SII levies the tax that, in its opinion, he has not paid. If the person does not agree with the adjustment, he must still forfeit the money, although he can appeal to the same SII and then, if his appeal is denied, to the courts of justice. If the Chilean Internal Revenue Service considers that there has been malicious evasion, charges will be filed against the taxpayer. Only when there is repeated and malicious evasion, and the taxpayer is unwilling to comply by paying, will the SII file such a complaint.

But when a person bears that last name—in this case Lucia Pinochet—the following things happen: (1) The judge (in her case Summary Trial Judge Carlos Cerda Fernández) brings her to trial without even a question, without a former SII summons and without receiving a complaint from the same SII—all of which is illegal and contrary to due process; (2) an arrest warrant is issued against her, which is also illegal; (3) a grossly exaggerated sum is published in all newspapers as representing taxes evaded by her (in her specific case, Lucía Pinochet was accused of evading taxes amounting to a sum greater than the entirety of her effective assets).

As Lucia Pinochet believed that democratic and civilized countries would protect citizens who were illegally persecuted in uncivilized ones, and since it was evident that her detention was illegal and arbitrary, akin to what Chilean judges had already done to her father, her mother, and the rest of her family, she traveled to the world's supposed head office for freedom and respect for human rights: the United States of America, "the land of the free," and requested asylum there.

She should have been better informed. First, the United States is not always what the United States claims to be. Lucia Pinochet did not realize that the Pinochets have no human rights anywhere. The Americans not only confiscated all her belongings but, without the right to a lawyer or legal defense (let alone being read her rights, as that procedure appears in American television series, because they did not recognize any of them), they put a prisoner's jumpsuit on her and locked her into a two-square-meter cell until she apologized for believing in that idea of "the land of the free" and said that she preferred to be illegally imprisoned in Chile. Only then did the great American democracy put her on a plane and deport her to her home country.

Well, all that infamy is now behind her and on Wednesday, June 6, 2007, one could read on page 3 of *Las Últimas Noticias* that Lucia Pinochet had received back the US$152,000 that had been seized as "Pinochet money" and now she had nothing to fear from either seeking "asylum from oppression" in or travelling to "the land of the free" because she had received enough punishment for the mere fact of owning the last name of Pinochet. No one has made any excuses or bothered to give the least explanation why. Yet all cases against the Pinochets have been dismissed.

Finally, the process against those who were officers and assistants at the Military House of the general from 1981 to 1997, for the expense accounts held abroad by each of them in the Riggs Bank, has been dismissed.

Final Episode of the Soap Opera

Congruently, in my blog[26] entry of June 23, 2017, I was able to write the following words, marking the end of the wayward judgments stemming from the imaginary "fortune of Pinochet:"

> The famous Riggs Bank case, used to sully Pinochet, was generated in 1996. When the owner of that bank came to Chile, he expressed his political admiration to the general and convinced him that if he deposited his savings in that bank he would obtain a good return. Since the *Concertación* (United Pact) sought by all means, in alliance with leftist justice, to

persecute Pinochet until he was deprecated and ruined, it did what instinct would advise in such cases where one has “hid the loot” in Riggs and other foreign banks.

When the leftwing State Defense Council discovered a Pinochet account in the Espíritu Santo Bank in Miami, it sued the institution in the United States accusing it of giving itself over to “money laundering,” “fiscal fraud,” and “embezzlement of public funds”—with enormous publicity and the complicity of the dominant local press. The bank sent a lawyer to Chile, with whom I met and to whom I proved that Pinochet had been an honest leader. Finally, Banco Espíritu Santo won at trial when the American judge declared that Pinochet’s funds deposited in Miami were proper, against the claims of the State Defense Council. Of course, this news did not make it down to Chile, where only the scandal raised by the initial announcements of the odious leftist lawyers who had filed the lawsuit and pursued another “trial by newspaper” against the former President were heard.

The persecution initially remained in the hands of the most leftist of all the judges, Carlos Cerda, who on his own initiative and authority ordered the detention of the former President’s entire family. His ruse fell apart and the family was released. However, Cerda and his successors in the case then discovered that the former commander in chief’s personal assistants had opened—for many years—foreign expense accounts at the Riggs Bank. Thus, the “Riggs case” morphed into one dealing with the accounts of these assistant officers and the leftists could continue to claim that there was “money laundering,” “embezzlement of public funds,” and “fiscal fraud” involved in the formation of “Pinochet’s fortune.”

After his initial outburst paroxysm ordering the detention of the entire family, Cerda had an epiphany after he went to interrogate the already old and decrepit ex-president, beginning with the following summary question: “Let us see, tell me about your diabolical misdeeds.” Doing so outraged

even the people most critical of Pinochet, as historian Gonzalo Vial put it in his column in *La Segunda*.

A few days ago in 2017, the Court of Appeals of Santiago finished absolving the eight officers who were assistants or personal secretaries of the commander in chief of the Army between 1981 and 1997, six of whom the last leftist trial (summary) judge in charge of the persecution, Manuel Valderrama, had sentenced to four years in prison for alleged embezzlement to enrich the commander in chief.

This vindication collapsed Cerda's sham, recompensed not long ago by his ascent to the Supreme Court through the backing of an *Aliance of the No*, that extends from stroking communism to Piñerismo. Cerda, thanks to his thesis that if he did not agree with the law, too bad for the law, was on the verge of being marginalized by the judiciary in the 1980s. Yet, being a leftist, he was salvaged and eventually both communist and socialist complaints against the former President came across his desk, wherein they accused Pinochet of enriching himself through governmental off-budget expenditures.

As it was a political process, the summary trial judge and his successors clung to one last piece of floating wreckage: the Riggs accounts of each of the eight private secretary officers or personal assistants of the commander in chief between 1981 and 1997, wherein such accounts were used for purchases abroad. The transactions seen in them were generally small-scale. As each one finished his administration, he closed the account and opened another one at the same bank under the name of his successor, to which the funds of the first one were transferred. To the chagrin of the leftist summary trial judges, there were two officers who kept up-to-date documentation of the account's transactions, Guillermo Garín and Gustavo Collao, and the respective judge was thus obliged to dismiss the charges against them, because all their receipts were in order and there was no evidence of misuse of public funds. Of the remaining six, one was prosecuted and convicted of having

deposited once, and by order of the commander in chief, a check for US$23,000 in the account and simply did not remember, after more than twenty years, either the motive or origin of the funds. The “crime of forgetfulness,” which is not in the code, was used to sentence him to four years in prison.

Later, the Court of Appeals acquitted him and the other five convicted officers, because the statute of limitations had run for the alleged crime. And as it was the only cause on which the “Riggs case” was based, the seizure or confiscation of the assets of the heirs of the former President had to be revoked.

The whole scandal ended in nothing, judicially speaking. But that fact receives little or no attention in the press. Therefore, “Pinochet’s fortune” and the “millions of dollars held at the Riggs” were both nonexistent fabrications. Indeed, the illicit enrichment of the leader had never taken place. He may have been convicted in “the trial by newspapers,” but he was never convicted in the justice system.